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General Secretary American Bankers Association.

THOMAS B. PATON, EDITOR,  
General Counsel American Bankers Association.

W. W. WAINE, ASSOCIATE EDITOR

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No. 11

#### OFFICIAL NOTICE.

Statement of the ownership, management, etc., of the JOURNAL OF THE AMERICAN BANKERS ASSOCIATION, published monthly at New York, N. Y., required by the Act of August 24, 1912.  
Editor, THOMAS B. PATON, 5 Nassau Street, New York, N. Y. Business Manager, W. W. WAINE, 5 Nassau Street, New York.  
Associate Editor, W. W. WAINE, 5 Nassau Street, New York. Publisher, FRED. E. FARNSWORTH, 5 Nassau Street, New York.  
Owners, THE AMERICAN BANKERS ASSOCIATION, 5 Nassau Street, New York, N. Y. (Signed) W. W. WAINE.

Sworn to and subscribed before me this 17th day of March, 1913.

(Signed) H. H. APPLGATE, Notary Public, Kings County, New York.  
Certificate filed in New York County, New York. (My commission expires March 31, 1913.)

#### JOHN PIERPONT MORGAN.

BY the death of JOHN PIERPONT MORGAN, which occurred in the City of Rome, Italy, on the 31st day of March, 1913, the American Bankers Association lost one of its oldest and most valued friends, the country one of its most distinguished citizens, and the world at large one of the greatest financiers of the age.

The public services rendered by Mr. Morgan, as a banker, philanthropist and in other respects in the world-wide field of his activities, are too well known to need recital here. The firm of J. P. Morgan & Co. and its predecessors have been members of the American Bankers Association for thirty-eight years, or since its organization in 1875, and as a tribute of respect to the memory of Mr. Morgan, the President, Mr. Charles H. Huttig, appointed the following (all of New York City) as a committee to represent the Association at the funeral service held in New York on the 14th of April:

George F. Baker, ex-Treasurer of the Association and Chairman of the Board of the First National Bank.

F. A. Vanderlip, President National City Bank.

L. E. Pierson, ex-President of the Association and Chairman of the Executive Committee of the Irving National Bank.

A. H. Wiggins, President Chase National Bank.

J. S. Alexander, President National Bank of Commerce.

Benjamin Strong, Jr., Vice-President of the Bankers' Trust Co.

Fred. E. Farnsworth, General Secretary of the Association.

## EXECUTIVE COUNCIL MEETING

THE Spring Meeting of the Executive Council was held at Briarcliff Lodge, Briarcliff Manor, on Tuesday and Wednesday, May 6th and 7th, preceded on Monday, May 5th, by Section and Committee meetings at which business of a miscellaneous character was transacted and reports prepared for presentation to the Council.

An invitation was extended to members of committees and visiting bankers to attend the sessions of the Council.

Of a total membership of ninety-one, eighty-three members of the Council were present; the absence of the other eight members being on account of illness and other causes.

Chairman T. J. Davis called the Council to order at 10 o'clock Tuesday morning and the proceedings of the two days' sessions are practically covered by the reports which follow.

The advisability of appointing a Committee on Express Companies, Money Orders and Travelers' Checks was discussed and it was decided that the Administrative Committee should act in that capacity.

Communications in the hands of General Secretary Farnsworth relative to different subjects were referred to a special committee of three to go over such communications, analyze them and report back to the Council at the next day's session. Chairman Davis appointed Mr. Lynch, Mr. Johnson and Mr. Calfee as such committee, and on the following day they made their report, referring the subject matter of the letters to the respective committees, where any action was necessary.

An invitation was received from San Francisco to attend a festa in that city. The thanks of the Council was extended for such invitation but no action taken thereon.

An invitation from Atlanta, Ga., for the 1914 convention was received with thanks and referred to the convention at Boston in October.

Mr. T. P. Beal, Jr., of Boston, appeared before the Council and outlined a tentative program, which the Boston bankers had prepared for the convention in that city in October.

Notwithstanding a busy time there were periods when the members of the Committees and the Councilmen were enabled to enjoy sociability for which the environment of Briarcliff Lodge is especially adapted. Golf enthusiasts were in their element, and, when the Council was not in session, participated in a Golf Tournament which had been arranged by the management of Briarcliff Lodge, to the winner of which they donated a handsome silver loving cup suitably inscribed. Mr. I. H. Orr, Trust Officer of the St. Louis Union Trust Company, proved to be the champion and took the cup with him to St. Louis as a reminder of his prowess on the golf links.

A number of automobiles were provided for the guests and were used extensively to visit points of

interest and view the picturesque scenery for which Briarcliff Manor is noted.

The large party of ladies enjoyed every minute of the time while they were at the Lodge, social functions galore being in evidence. An orchestra furnished music each afternoon and evening, and on Sunday evening an exceptionally fine concert was rendered, including vocal music by a quartette of male voices which was especially delightful.

On Tuesday afternoon a card party, arranged by Mrs. Farnsworth, was given for the ladies in the lobby of the Lodge, after which tea was served.

Tuesday evening a banquet was tendered by Briarcliff Lodge and the American Bankers Association. Mr. T. J. Davis, Chairman of the Executive Council, presided and informal addresses were made by Messrs. Arthur Reynolds, H. S. Fletcher, C. A. Pugsley, L. A. Wilson and General Secretary Farnsworth. Without doubt, one of the most enjoyable features of the banquet was a recitation of "When Bryan Came to Butte," by Mr. L. P. Hillyer, the popular Secretary of the Georgia Bankers' Association. In response to a vociferous encore, Mr. Hillyer recited "Casey at the Bat."

The absence of President Charles H. Huttig from Briarcliff was very much regretted, and on motion of ex-President William Livingstone the General Secretary was instructed to send a telegram to Mr. Huttig accompanied by two dozen American Beauty roses. The following is a copy of the telegram, which is self-explanatory:

New York, May 7, 1913.

Mr. Charles H. Huttig,  
Huttigs Camp, Adirondack League Club,  
Herkimer County, N. Y.

The Executive Council and ladies at banquet Tuesday evening unanimously voted expressions of good will and cheer. Regret your absence and hope for your speedy recovery and reunion with your many friends at Boston. We have had the best meeting ever.

Fred. E. Farnsworth,  
General Secretary.

Following the banquet an informal dance was held in the ball room.

A picture was taken of the bankers and their ladies on the lawn in front of the Lodge, and is reproduced in this issue of the JOURNAL-BULLETIN. "Pathe's Weekly" also took moving pictures of the party strolling around the grounds.

Resolutions were unanimously adopted extending a vote of thanks to the management of Briarcliff Lodge for their untiring energy in looking after the interests of their guests, the daily press, the financial journals, "Pathe's Weekly," Allen Publishing Co. and Paul Thompson, photographers, and all others who contributed to the comfort and pleasure of those present at what proved to be an eminently successful Council Meeting, from all standpoints.

## REPORTS

## Administrative Committee.

CHARLES H. HUTTIG, Chairman.

ARTHUR REYNOLDS.

T. J. DAVIS.

IN accordance with the provisions of the Constitution, the Administrative Committee hereby report the business transacted by them since the meetings of the Executive Council held in Detroit in September, 1912.

A meeting of the Committee was held in the City of St. Louis, Missouri, January 7, 1913, at which the following were present: Charles H. Huttig, Chairman; Arthur Reynolds, Thomas J. Davis, and Fred. E. Farnsworth, General Secretary.

Mr. George T. McIntosh, Secretary-Treasurer of the National One Cent Letter Postage Association, appeared before the Committee and asked that the Committee authorize the General Secretary to circularize the members of the American Bankers Association in the interest of membership in the National One Cent Letter Postage Association.

The Administrative Committee individually expressed themselves as favorable to the objects of the National One

Cent Letter Postage Association, but did not feel that they were vested with authority to comply with Mr. McIntosh's request and stated that they would refer this matter to the Executive Council.

The General Secretary presented a communication from the Chamber of Commerce of the United States of America, asking that delegates be appointed to attend its convention to be held in the City of Washington on January 21-23, 1913, and the Administrative Committee appointed delegates to that convention, the personnel of which have been published in the JOURNAL-BULLETIN.

The Committee appointed and reappointed various committees of the Association and also filled vacancies. These committees have been published in the JOURNAL-BULLETIN.

Your Administrative Committee was advised by the General Secretary that the last edition of the Cipher Code, which was prepared and issued by the Association in 1908, was practically exhausted and that it would become necessary to prepare and issue a new cipher code and that this code should be compiled during the summer months, and, further, that inasmuch as a new code was to be issued it



would be advisable to have a new compilation. The General Secretary suggested that a committee be appointed who could supervise the work of the compiler of the code and that the code should be published under a contract.

The Administrative Committee recommended that the General Secretary be authorized to proceed with the preparation of the new code, and appointed the following supervisory committee: James M. Donald, Chairman of the Board, Hanover National Bank, New York, N. Y.; J. R. Washburn, Asst. Cashier Continental & Commercial Natl. Bk., Chicago, Ill.; A. H. Titus, Asst. Cashier Natl. City Bk., New York, and A. C. Andrews, Asst. Cashier Chase Natl. Bk., New York.

The General Secretary reported that the result of his correspondence with the hotels in Hot Springs, Va., Atlantic City, N. J., and Briarcliff Manor, N. Y., showed that he had been unable to obtain favorable terms with the hotels at Hot Springs, and inasmuch as the Executive Council had expressed a preference for Hot Springs the General Secretary was instructed to communicate by letter with the members of the Council, explaining in full the conditions surrounding the selection of the place for the Spring meeting, and that a vote be taken on this subject. The vote was favorable to Briarcliff Lodge, Briarcliff Manor, with the result that we are now in session at Briarcliff Lodge.

The first date selected for the Spring meeting of the Council was May 19th. It afterwards developed that this date was in conflict with the convention dates of some of the State Associations, and your Administrative Committee then decided on the present date, May 5th.

Correspondence was presented at the meeting in St. Louis on January 7, 1913, regarding the Boston Convention, from which it appeared that the Copley-Plaza Hotel had been selected as headquarters and that a request had been received from the Boston Clearing House Committee asking that the handling of the hotel reservations for the Convention be placed in the hands of their hotel committee. Your Administrative Committee complied with the request of the Boston Committee, with the understanding, however, that the rooms engaged by the General Secretary at headquarters hotel, the Copley-Plaza, be set aside for the Executive Council and the official family; that the applications should go through the hands of the Boston Committee, and that the rooming of the Executive Council and the official family be under the supervision of the General Secretary.

A controversy regarding a member of the Council from Arizona and New Mexico having arisen—Mr. Morris Goldwater having been selected by Arizona—the decision of this question was referred to the Executive Council by your Administrative Committee.

Your Committee transacted considerable routine business and passed on a mass of correspondence, and several of these matters will be presented to the Council for their action.

During the period intervening between the meeting on January 7th and the present time, President Huttig appointed delegates to represent the Association at the National Drainage Congress held in St. Louis, April 10th to 12th, and also delegates to the Fourth American Peace Congress held in Washington, May 1st to 3d. Their names were published in previous issues of the JOURNAL-BULLETIN.

The death of John Pierpont Morgan occurred on March 31, 1913. It seemed appropriate that, owing to the great prominence of Mr. Morgan as a financier of the United States and the fact that his bank and its predecessors had been members of the Association since its organization in 1875, a committee should represent the Association at the funeral service, and President Huttig appointed such committee, the personnel of which is published on the first page of this issue of the JOURNAL-BULLETIN.

A second meeting of the Administrative Committee was held at Briarcliff Lodge, May 4, 1913, and was attended by President Reynolds, Chairman T. J. Davis, and Fred. E. Farnsworth, General Secretary.

T. P. Beal, Jr., of Boston, and J. K. Lynch, of San Francisco, the latter Chairman of the Committee on Program, appeared before the Committee and a general discussion ensued on the program for the Boston Convention. Mr. Beal outlined the proposed entertainment and made suggestions regarding speakers.

The General Secretary presented to the Committee a financial statement which had been prepared, and which will be submitted to your party. This statement and the showing made were approved by the Administrative Committee with much satisfaction.

A letter from the Pinkerton National Detective Agency, addressed to Members of the Administrative Committee, asking that they be given an opportunity to make a contract with the Association for detective work was ordered presented to the Executive Council.

(Report approved and accepted.)

# General Secretary Farnsworth.

New York City, May 3, 1913.

IT is not my desire or intention to occupy much of your time in my report of the routine work of The American Bankers Association covering the period since the last meeting of the Executive Council, at Detroit, on September 13, 1912. The pamphlet submitted to you, in which will be found printed this report, embodies financial statements of the Sections and Committees as well as a full statement of the Treasurer and a comparative statement contrasting the condition of affairs one year ago with that of the present time.

It is with great pleasure, in this connection, that I can report that the expenses as shown for the year ending April 24th are about \$200 less in amount than for the year ending April 24, 1912; and this, in face of the fact that the Association has had during the past year more than a thousand more members, which always brings with it increased expenses.

The statement of the Treasurer shows a cash balance on hand of over \$70,000, that there is in round numbers \$20,000 more in cash on hand at this time than there was a year ago, with practically all bills paid, and there is an increase of \$2,000 in securities owned by the Association through the sale of Government 4s and the purchase of C. B. & Q. joint 4s. This showing will, I know, be a matter of gratification to you as it is to me.

The Administrative Committee has held frequent meetings during the past year, and, consequently, has kept in close touch with the affairs of the Association and has been a source of helpfulness to me in handling the vast details of our great body. This committee is a valuable adjunct to the other committees of the Association, and the officers who compose it have shown the greatest interest in the work of the Association.

The reports of the several Sections and Committees will indicate clearly that during the past year activity has been manifested which has resulted in increased usefulness and benefit.

I have endeavored to the best of my ability to respond to the calls of State Associations, Chapters of the American Institute of Banking, and other social functions, as well as committee meetings which have been held, and as the season of State Conventions now approaches I shall, as far as possible, consistent with my other duties, attend these Conventions.

As will appear by the report of the Standing Protective Committee and the Manager of our Protective Department, this feature of Association work has been very successful. The fact that, with an increased membership, the bills of the committee have been cut down and are even much less than during the same period reported on last year, certainly must be evidence of a decrease of crime against banks and of the efficacy of our sign, which stands as a warning to the bank criminal.

As the years go by, our JOURNAL-BULLETIN seems to be received with more favor among the members of our Association and the members of the American Institute of Banking. We are now publishing a monthly edition of about 29,000, equally divided between the Association and the Institute. The increased expense of publication is due not to editorial or office management but entirely to the increase in number published and its size in pages, extra space being given to the various Sections and Departments. A year ago, the monthly issue averaged not more than 64 pages, while now it runs from 80 to 96 pages. Outside of the general information conveyed to our members through the JOURNAL-BULLETIN, the Legal Department and the information furnished by the Protective Department are to our members alone worth the cost of the publication.

The Annual Proceedings for 1912, containing 754 pages, were compiled and distributed to our membership with promptness, considering the work involved in the compilation. It is generally conceded that this Year Book for 1912 is the finest edition from a mechanical standpoint that we have ever yet issued, the book having been prepared and printed under contract, after receiving several bids for the work, and was published for some \$2,000 less than the volume of 1911, and we have received many expressions of appreciation of its presentable make-up and completeness.

The Library, which is a comparatively new feature of Association resources, has in all its features developed rapidly, and we now have several hundred volumes on our shelves which have been secured through the efforts of our capable Librarian, Miss Glenn, without any large expenditure of money. The Library has been fully catalogued, indexed, and cross-indexed, so that the material is readily available for research work. The Circulating Library, which embraces clippings on various subjects of interest to banks and bankers, has been utilized by the membership in all parts of the United States, and a large amount of valuable information has been sent out by the Librarian to those applying for the same.

After the May meeting of 1912, the offices of the Association were removed to our present commodious and convenient quarters in the same building, and the wisdom of this action is apparent daily in the ease with which our business is transacted and in the pleasure given to the many bankers who call at the offices. On the authority of the Administrative Committee, a lease of the present quar-

ters was made for five years at a reasonable rental, and this term enabled our landlord, the Hanover Bank Building Corporation, to fit up the offices as required by us and without expense to the Association. I wish to urge every member of the Council as well as the Association committees and Section committees to call at these offices in order that they may see for themselves the advantage of the change and know that the Association is now equipped with offices in keeping with the standing and dignity of the organization.

In November last your General Secretary was invited to visit Boston and consult with the Executive Committee of the Boston Clearing House regarding the next Convention, which is to be held in that city the week of October 6, 1913. Your General Secretary was assured by the Clearing House Committee that it was the desire of Boston to arrange for, and to bring to a realization, the most successful Convention in all ways ever held by the Association.

Shortly after my visit various local committees were appointed, and another visit was made to Boston to confer with these committees, and, with the earnestness and activity manifested by the Boston committees so long before the Convention, I am fully satisfied that they will redeem their promises in full. The nearness of Boston to New York will afford me an opportunity to make frequent visits to the "Hub of the Universe," thereby enabling the committees and the Association to work in harmony and to the end that no complications shall arise to prevent the most successful outcome.

It has been my pleasure in these semi-annual reports made to your body to call your attention to the statement of membership presented, and to say, from year to year, that the past year makes the best showing in the history of the Association. This report is no exception to those which have preceded it. From figures available, the net increase for the year between the Spring meetings is the greatest yet shown, the net gain for the year being 1,110 as against 900 for the preceding year. The total membership on April 24th was 13,677, and now, May 3d, it is over 13,700. I believe, without question, that our membership will show 14,000 and over by the end of our fiscal year, August 31, 1913.

Again, a remarkable feature of our membership is the small loss by delinquency, which is the best test of loyalty. Our loss from unpaid dues through delinquency during the year was 193, which is about the same as a year ago, with a largely increased membership at the present time. The loss by failures, mergers and liquidations for the year is 178, so that the aggregate loss for the year is 371. The loss from delinquent members will be still further reduced, as the process of collection is still going on.

The credit for the prosperous condition of the Association and its membership should with all fairness be divided between our Sections and Committees and the co-operative aid received from the officers, members of the Executive Council, Vice-Presidents and State Secretaries.

## MEMBERSHIP.

Membership May 1, 1912.....	12,567
Lost by failures, mergers and liquidations....	178
Lost by delinquents .....	193
	371
	12,196
Addition to membership May 1, 1912, to date.....	1,481
	13,677
Present membership .....	13,677
After deducting delinquents, failures, mergers, etc., these figures show a net gain from May 1, 1911, of .....	1,110
Members added to the list during the month of April .....	154
Membership, May 1, 1908.....	9,297
Membership, May 1, 1909.....	10,065
Membership, May 1, 1910.....	10,969
Membership, May 1, 1911.....	11,698
Membership, May 1, 1912.....	12,567
Membership, April 24, 1913.....	13,677

## MEMBERSHIP BY STATES.

Alabama .....	162	Maryland .....	176
Alaska .....	11	Massachusetts .....	307
Arizona .....	63	Michigan .....	418
Arkansas .....	216	Minnesota .....	396
California .....	565	Mississippi .....	167
Colorado .....	213	Missouri .....	519
Connecticut .....	169	Montana .....	174
Delaware .....	34	Nebraska .....	351
District of Columbia..	41	Nevada .....	27
Florida .....	172	New Hampshire .....	52
Georgia .....	401	New Mexico .....	65
Idaho .....	127	New Jersey .....	319
Illinois .....	864	New York .....	962
Indiana .....	376	North Carolina .....	155
Iowa .....	528	North Dakota .....	252
Kansas .....	541	Ohio .....	546
Kentucky .....	164	Oklahoma .....	363
Louisiana .....	185	Oregon .....	153
Maine .....	100	Pennsylvania .....	862

Rhode Island .....	46	Wyoming .....	76
South Carolina .....	155	Canada .....	17
South Dakota .....	241	Cuba .....	24
Tennessee .....	301	Hawaii .....	14
Texas .....	419	Isle of Pines .....	2
Utah .....	63	Porto Rico .....	4
Vermont .....	72	Philippine Islands .....	3
Virginia .....	208	Mexico .....	20
Washington .....	312		
West Virginia .....	177		
Wisconsin .....	336	Total .....	13,677

(Report accepted and adopted.)

## Treasurer Farrell.

Financial Statement September 1, 1912, to April 24, 1913, Inclusive.

## RECEIPTS.

Cash balance .....	\$ 3,992.88
Interest on bank balances .....	1,431.79
Interest on stock and bonds .....	3,067.04
Extra guests, convention.....	1,880.00
Standing Protective Committee.....	76.23
Account sale general proceedings.....	46.30
Account Trust Co. Section.....	76.70
Account postage, stationery and printing.....	27.34
Account American Institute of Banking Section, Rent .....	451.00
Current Dues (1912-1913).....	208,780.00
Prepaid Dues (1913-1914).....	105.00
Account Journal-Bulletin Rent.....	457.82
Sundry small items.....	25.50
	\$220,417.60

## DISBURSEMENTS.

Account membership signs.....	\$ 536.00
Office Fund .....	1,000.00
Refund of dues 1912-1913 overpaid.....	30.00
Rent, general offices.....	4,125.05
Salaries .....	16,353.78
Postage, stationery and printing.....	4,087.62
Publishing and distributing Annual Proceedings.....	13,430.49
Cipher Codes .....	.50
Executive Council, Vice-Presidents and State Secretaries securing new members.....	495.30
Executive Council meeting 1912.....	248.00
Furniture and fixtures for general offices and sections .....	1,039.27
Extra office help.....	165.91
Telephone and telegrams.....	494.17
Treasurer collecting dues.....	1,267.09
Convention expenses, Detroit, including \$5,000 to entertaining city .....	8,651.07
Auditors for 1911-1912 (Marwick, Mitchell, Peat & Co.) .....	100.00
Account extra guests, Detroit Convention.....	1,120.00
Traveling expenses .....	260.92
Bankers' Trust Co., premium on officers' bonds..	81.25
American Institute of Banking Section.....	7,949.25
Savings Bank Section.....	6,053.33
Legal Department .....	8,500.45
Standing Protective Committee.....	44,191.32
Committee on Bills of Lading .....	139.35
Clearing House Section.....	4,684.35
Trust Company Section.....	4,845.05
Committee on Express Companies and Money Orders .....	5.25
Law Committee .....	174.85
Committee on Fidelity Bonds and Burglary Insurance .....	559.00
Journal of the American Bankers Association.....	15,170.00
Administrative Committee .....	131.17
Committee on National and State Bank Forms..	519.21
Committee on Amendments.....	26.50
Committee on Agricultural Development and Education .....	2,470.24
Committee on Constitutional Revision.....	615.40
Library .....	1,427.98
State Secretaries Section.....	1,157.32
Investments .....	180.90
Interest, discount and exchange.....	2.59
Sundry items, office supplies, etc.....	1,037.48
Credit balance .....	67,090.10
	\$220,417.60

Note.—Cash balance in hands of Treasurer.....	\$67,090.10
Cash on hand in Office Fund.....	1,000.00
Cash in Journal Fund.....	280.56
Cash in Savings Bank Section.....	2,252.10
Cash in Clearing House Section.....	399.77
Cash in Trust Co. Section.....	1,185.32
Cash in State Secretaries Section, approximately .....	350.00
Total .....	\$72,557.85

Note.—In addition to the above balance, the Treasurer holds for investment the following:

Par Value.	Carried on our books at
\$ 30,000.00 Atchison 4% Bonds of 1995....	\$30,825.00
50,000.00 C., B. & Q., III. Division 4% Bonds of 1949.....	50,843.75
30,000.00 New York City Registered Corporate Stock 3½% due 1940.....	25,506.67
12,000.00 C., B. & Q. joint 4s due in 1921...	11,559.09
\$122,000.00	\$118,734.51

(Report accepted and filed.)

#### General Counsel Paton.

**I**N this report I will not attempt more than a bare outline of the chief activities of the General Counsel since the Detroit Convention.

#### OPINION WORK.

The largest portion of time, as heretofore, has been devoted to services for individual members of the Association, answering their requests for legal opinions, advice and general information. One hundred and twenty-two opinions have been given and afterwards published in the monthly Journals of the Association from October to May, inclusive, and a reference to those publications is sufficient to indicate the variety of subjects and the character of the work, many of such questions involving much time and research. During the same period 98 other opinions have been delivered which have not been published.

The influx of letters requesting legal opinions has been so great that, to keep up with the demand, your Counsel has kept in constant employment an expert of considerable experience in research work who has investigated statutes and authorities under his direction and it is only with this assistance that the great number of legal requests have been handled. I trust, with satisfaction to all concerned. That the service is valued by the membership is indicated by numerous letters of appreciation which have been received.

#### ADVICE AND INFORMATION.

In addition to what may properly be called legal opinions a great variety of mail is handled upon other matters presented by members. Many forms of insurance contracts are presented for examination and advice; requests are received as to the existence of some statute or judicial decision on a given subject in a particular state; and also requests for arguments and information to combat some particularly vicious piece of local legislation.

A decision of the Federal Court in North Dakota in what is known as the Anamoose case holding that banks which collect bill of lading drafts covering interstate shipments of intoxicating liquor are criminally liable under the federal statute has led to an extensive correspondence. This decision has been appealed and the appeal argued some two months ago, but no advice of a decision on appeal has yet been received.

#### TRUST COMPANY LAWS.

Your Counsel has been engaged with officers and Executive Committee of the Trust Company Section preparing a draft of standard provisions regulating a number of features of trust company business for inclusion in the trust company laws of all states, the draft being intended to form a basis for discussion at the Spring meeting, before recommendation.

#### CORPORATION TAX LAW.

In connection with the Corporation Tax, many protests have been made against the ruling of the Treasury Department that banks paying taxes on shares assessed against their stockholders cannot deduct the amount so paid from gross income, in making return, the result being that banking capital is subject to double income tax to this extent. Early in the present year your Counsel took up with the Federal Legislative Committee the question of procuring an amendment of the law by Congress.

When the new Tariff Bill was introduced in the House on April 7th it included provisions for income tax on individuals and corporations and provided for the repeal of the present Corporation Tax Law, the provisions of which, with some changes, were incorporated in the new bill. The same provisions as exist in the present Corporation Tax Law providing for deduction of state taxes from gross income, which have been construed not to permit deduction of taxes paid on shares, were included and, among other objectionable features, the bill taxed mutual savings banks which are exempted under the present law. It became desirable therefore to take immediate steps, while the bill was yet in its infancy, to procure if possible, the change or elimination of objectionable features and, acting upon the authority of the Chairman of the Federal Legislative Committee, your Counsel on April 17th had a long interview in Washington with Hon. Cordell Hull, of Tennessee, the member of the Ways and Means Committee, who drafted the Income Tax provisions of the bill, in which he presented a brief of reasons why the bill should be changed so as to permit banks to deduct from gross income, taxes paid on shares; and also urged that mutual savings banks be exempted. On the following day, the Income Tax provisions

were considered in the Democratic caucus and an exemption was inserted of "Mutual Savings Banks not having a capital stock represented by shares" which appears in the amended bill as introduced in the House on April 21st. Your Counsel has been advised, however, that the Committee have been unable, as yet, to reach satisfactory conclusion in line with the suggestion to permit deduction of taxes paid on shares, thinking it may complicate other provisions of the bill. This amendment therefore is yet in abeyance and if not made in the House must still be urged before the Senate Finance Committee.

Further study of the bill has shown a number of objectionable features which impose impracticable duties upon banks and others as collecting agents of the tax for the government at the source of income. Your Counsel has co-operated with members of the Federal Legislative Committee in discussing these features with Congressman Hull and others of the Ways and Means Committee at Washington on Friday and Saturday, May 2 and 3, and amendments have been suggested to remove the worst features. This matter will doubtless be presented in the report of the Federal Legislative Committee.

#### BILLS OF LADING.

In the matter of Bills of Lading the campaign for national and state legislation has been aggressively pursued. The State of New Jersey has, this year, enacted the Uniform Bill of Lading Act which makes eleven states now having that law. In several other states, this year, the bill passed one House. In the promotion of this legislation a number of printed and written arguments have been prepared, showing the advantages of the law and answering technical objections to particular provisions.

During the closing session of the Sixty-second Congress, the Pomerene bill which unanimously passed the House, was persistently urged but it was impossible to overcome an adverse influence in the House Committee and the bill was not taken up. On April 16th and 17th your Counsel, together with Professor Williston of Harvard, representing our Bill of Lading Committee, met with representatives of the shippers' organizations in Washington and went over the bill with Senator Pomerene, in view of certain suggested amendments, prior to its reintroduction; and the provisions of the bill were also gone over with Chairman Clark and Commissioner Clements of the Interstate Commerce Commission with the view of eliminating anything therefrom which would conflict with the jurisdiction of the Commission. These matters were all satisfactorily arranged and the program in contemplation is that the bill will be passed through the Senate while the House is busy with the tariff and then go to the House, which will have time for its consideration while the Senate is considering the Tariff Bill.

#### GENERAL LEGISLATIVE WORK.

The general legislative work in promotion of beneficial legislation recommended by this Association has been prosecuted this year in nearly forty state legislatures with great success. Early last December pamphlets were prepared containing drafts of laws recommended by this Association on eleven subjects with annotations of previous enactments and reasons for the enactment of the respective laws. These were forwarded to Secretaries and legislative Committeemen in the State Associations and to others interested in such legislation. During the last three months a number of printed arguments in behalf of these special laws have also been prepared and distributed and an extensive correspondence carried on with members of the State legislatures and with bankers in explanation of the proposed bills and answering specific objections thereto. In January your Counsel personally appeared before a legislative Committee of the Senate in Vermont in behalf of the Negotiable Instruments Act.

The results have been highly gratifying. The Negotiable Instruments Act has been passed in four additional states this year; the Uniform Warehouse Receipts Act in five; the act to punish false statements for credit in five; the act to punish derogatory statements affecting banks in two; the act to punish the giving of checks or drafts without funds in five; the act limiting the liability of banks for payment of forged or raised checks in four; the act authorizing the payment of deposits in two names in two; and the act relating to competency of bank notaries in three states. In all thirty separate enactments of measures recommended by this Association have been placed on state statute books this year, or thirty-one if we include the Bills of Lading Act in New Jersey, and this number may still be increased, as reports are not all in and some of the state legislatures are still in session. The report of the Law Committee will show in detail the particular states in which specific laws have been passed.

Through co-operation of your General Counsel with legislative Committeemen and Secretaries of State Associations there has been virtually established in fact, though not in name, an organization or community of interest which is quite potent in promoting beneficial state legislation recommended by this Association.

(Report accepted and filed.)



## Manager Gammon of the Protective Department.

**NOTE.**—This report covered matters for the information of the Council other than that contained in the following report of the Standing Protective Committee, and was received and placed on file.

## Standing Protective Committee.

New York, April 1, 1913.

The Standing Protective Committee submits herewith its semi-annual report for the period covered from September 1, 1912, up to and including March 31, 1913.

## FINANCIAL STATEMENT.

The financial statement will be published in the pamphlet containing financial statements.

## ARRESTS, ETC.

For the period covered from September 1, 1912, up to and including March 31, 1913, the Committee begs to report as to its operations against criminals, as follows:

Total cases not disposed of arrested prior to September 1, 1912 .....	125
Total arrests since September 1, 1912.....	194
	319
Convicted .....	128
Released, escaped, killed and died.....	59
	187
Awaiting trial .....	132

Since the beginning of the fiscal year, September 1, 1912, up to and including March 31, 1913, there have been 28 burglaries, attempted burglaries and hold-ups, reported on members, and 83 similar crimes on non-members, as follows:

	Members.	Non-Members.
Alabama .....	1	1
Arkansas .....	1	1
California .....	1	1
Connecticut .....	1	1
Georgia .....	3	4
Illinois .....	1	9
Indiana .....	1	1
Iowa .....	10	2
Kansas .....	1	1
Louisiana .....	1	1
Michigan .....	2	1
Minnesota .....	1	2
Mississippi .....	1	1
Missouri .....	4	5
Nebraska .....	1	2
New Hampshire .....	1	1
New York .....	1	6
North Dakota .....	1	3
Ohio .....	1	1
Oklahoma .....	3	16
Oregon .....	1	1
South Dakota .....	2	1
Tennessee .....	3	1
Texas .....	1	11
Utah .....	1	1
Washington .....	1	2
Wisconsin .....	1	1

Of the 28 attacks on members, 12 were successful burglaries, 15 unsuccessful burglaries, and one attempted hold-up. In some of these attempted burglaries entrance was not even gained to the bank, as most of the burglaries were by amateurs or prowlers.

Of the 83 attacks on non-members, 52 were successful burglaries, 24 unsuccessful burglaries, and seven hold-ups. Most of these attacks on non-members were by professionals, amateur attacks, as a rule, not being reported to this Department.

It can be seen from the above table that the yeggs have been most active in the states of Illinois, Iowa, Oklahoma and Texas, there being three attacks on members in Oklahoma, and none in the other states mentioned, while there have been 46 attacks on non-members in those states.

The loss to members was \$30,823.27, while the loss sustained by non-members amounted to \$115,190.56.

Our members, as a rule, report all attacks on them, also the exact loss sustained; while on the other hand non-members rarely report attacks made on them, or the loss sustained, with the result that we do not obtain a record of some of these attacks or losses sustained.

The following figures are given for your information of reported and attempted burglaries on banks since the inauguration of the Protective Feature, such as are known:

Non-Members .....	1428	Loss .....	\$2,032,491.93
Members .....	366	Loss .....	228,613.17
Difference .....	1062		\$1,803,877.86

## FORGERS AND BOGUS-CHECK OPERATORS.

Relative to forgers and bogus-check operators, but very few of our members have been defrauded during the past seven months ending March 31, 1913, by professionals, and practically two-thirds of the cases reported were the operations of amateurs.

## MEMBERSHIP.

On September 1, 1909, when the Protective Department was established, the records of the General Secretary's Office showed a membership of 10,682. On March 31, 1913, the records showed a membership of 13,523, a net gain of 2,841. The gain in membership as reported by the General Secretary's Office shows that the banks realize the benefits derived from the Protective Features of the Association.

## CORRESPONDENCE.

During the past seven months ending March 31, 1913, the Protective Department has received 12,471 reports and other communications from our Detective Agents. They have also received 792 letters and telegrams, and written 2,771 letters and telegrams. These figures do not include circular letters and similar communications.

## PHOTOGRAPHS.

The Department now has 2,466 photographs of criminals, comprising "Yegg" burglars, hold-up men, sneak thieves, forgers and bogus-check operators, with a complete record of each.

## OFFICES OF OUR DETECTIVE AGENTS.

The William J. Burns National Detective Agency, Inc., now have 21 offices of their own, located in the following cities:

Los Angeles and San Francisco, California; Denver, Colorado; Atlanta, Georgia; Chicago, Illinois; New Orleans, Louisiana; Baltimore, Maryland; Boston, Massachusetts; Detroit, Michigan; Minneapolis and St. Paul, Minnesota; Kansas City and St. Louis, Missouri; Buffalo and New York City, New York; Cleveland, Ohio; Portland, Oregon; Philadelphia and Pittsburgh, Pennsylvania; Houston, Texas, and Seattle, Washington.

They also have the following correspondents:

Gust. J. Patek Detective Agency, Des Moines, Iowa.  
Arrow's Detective Agency, London, England.  
Calchas & Deblisschop, Paris, France.

## CONTRACT FOR DETECTIVE SERVICE.

The contract with the William J. Burns National Detective Agency, Inc., expired on November 22, 1912. The Burns Agency have held the contract for the past three years, and have more than lived up to their agreement in the way of opening up additional offices, and the results obtained by them in their investigations have been very satisfactory, clearly demonstrating their ability to cope with any situation that may arise where our members are interested.

By virtue of the authority vested in this Committee by the Constitution of the Association the Committee has entered into a new contract with the Burns Agency for a period of three years from November 22, 1912, on the same terms as the original contract which expired.

## ENDORSEMENT.

This Committee very much appreciate the hearty endorsement of your body as embodied in the resolution passed at the convention held in Detroit, Mich., in September last, endorsing the work and expressing their implicit confidence in the Standing Protective Committee, Mr. L. W. Gammon, Manager of the Protective Department, and the William J. Burns National Detective Agency, Inc.

## DETAILED REPORT.

Mr. L. W. Gammon, Manager of the Protective Department, will read his report to the Executive Council, which covers matters pertaining to the Department other than those contained in this Committee's report.

For more detailed information relative to individual cases and the work accomplished, we respectfully refer you to the monthly JOURNAL-BULLETIN, which gives a detailed account of what is being performed each month by our Detective Agents under the supervision of the Protective Department.

(Report accepted and adopted.)



### Trust Company Section.

RALPH W. CUTLER, Chairman Executive Committee.

(Report made by President William C. Poillon.)

WE have had a very successful year. The membership has increased 138 since a year ago, and now numbers 1,350, which is just about one-tenth of the Association membership. Practically all of the large trust companies of the United States are enrolled here, due mostly to the efforts of the organization itself, and partly to the efforts of the trust company men. We have had a very interesting meeting at the Executive Committee this time. A number of subjects were considered primarily as affecting trust companies, the administration of the new income tax law in connection with the tariff legislation. We feel that upon trust companies more largely than upon any other class of institutions will come the burden of collecting the tax on behalf of the Government. In fact, it seems appalling, the duties which are imposed upon us. I suppose that every bank man feels that same way.

We have had a special committee appointed to act in conjunction with the Federal Legislative Committee in that connection, and I assume we all feel that better results can be obtained by such a unification of effort. The Chamber of Commerce in New York has made a strenuous protest and very strong endeavors to have the administrative features of the income tax bill simplified. I do not know whether the average banker has gone over that feature of the tax bill or not, but I feel that it is very important that all should, and in the end I believe that we might hope that the regulations of the Treasury Department, after the bill has been passed, will simplify things, but it probably will not, and I know that in some cases it would seem as though we would have to double our clerical force to properly attempt to collect the tax on behalf of the Government. Of course, that is very unfair, and it is too late to wait until the bill is passed to bring about any change.

In New York a meeting was held of representatives from practically every trust company about two weeks ago, and a very able committee was appointed, headed by Mr. Hemphill, president of the Guarantee Trust Company, the largest trust company in the United States, which committee has done very good work, but has reported there was almost no use in attempting to change the bill in the House, so we have brought all of our guns to bear on the Senate. When the bill has passed the Senate, there is not much chance of changing any of its provisions.

We have undertaken a publicity educational campaign this year on behalf of the Trust Company Section, which, while it is difficult to show just what results have been obtained, still we know it has been of great service, and we have given more energy and time to that than any other cause. We have had a series of articles, probably so far about twenty which are in the nature of dissertations upon the special features of trust company work, which have appeared as news items. They were not in connection with any advertising, other than the fact that the trust companies as a whole pay hundreds of thousands of dollars each year for advertising, for which we get no benefit other than the advertising benefits themselves, and it was found that except in the larger cities, the newspaper proprietors were only too willing on the recommendation of their advertising department to publish these articles in their news columns. That helps trust companies and it helps the people at large to understand the benefits. We have carefully refrained from in any way reflecting upon the disadvantages of lawyers as trustees or making any other unfavorable comparison. It has all been carefully edited, but these articles have appeared in 140 papers throughout the country and have been of much interest to trust company men. I think that is about the most important work that the Trust Company Section has ever done, and we mean to continue it with even more force than heretofore.

As Mr. Paton has told you, he has prepared for us a model trust company law. That law is applied only to the trust functions of trust companies, and it is to be used as a model for legislation in those states where trust companies have no special legislation. There are many states in the Union where trust companies can be formed under a general banking act, their trusts can be put into the general assets of the institution, money can be loaned on any legal collateral or otherwise. They are not necessarily required to be segregated, but of course that is not right, and we feel that the failure of one trust company reflects upon all trust companies on account of the character of our business. The most important thing, we feel, that any financial institution can undertake is to protect those who are without protection, widows, orphans and others who are not capable of taking care of their own affairs, so we are using all our endeavors to have the proper legislation passed in all the states. There is no state in the Union now in which the word "trust" can be applied to any financial institution or otherwise except under the provisions of the law regulating banking or trust companies as such. It is not proposed to endeavor to change the laws in any states where reasonable regula-

tions exist for trust companies and trust institutions, but merely in the states which have very loose laws or no laws at all.

(Report received and filed.)

### Savings Bank Section.

W. E. KNÖX, Chairman Executive Committee.

I HAVE the honor to report on behalf of the Savings Bank Section, that thus far this has been the most active, and we trust the most successful year of our history, and that our expense account will be at least five hundred dollars less than last year.

Our committees are working along broad constructive lines, which will make for the best interests of the entire banking profession, and for the continual upbuilding of this Association.

Probably the most important work we are doing is the Campaign of Education in thrift, which we have undertaken throughout the United States through the agency of our vice-presidents in the various states, under direction of our Methods and Systems Committee. As a direct result of this campaign, in which our Committee upon School Savings Banks is co-operating, the school savings system has been adopted in many states, and laws authorizing this system have been passed in others. Also a course of thrift lectures by financial men has been given in Cooper Institute, New York, in co-operation with the Board of Education of that city. These lectures were attended by over four thousand people, and other cities are considering taking up this line of work in the fall. In connection with this campaign we are sending monthly, for weekly publication, "thrift talks" to over four hundred publications, and while definite results may not be immediately apparent, we feel that the results obtained will be permanent.

(Report received and filed.)

### Clearing House Section.

A. O. WILSON, Chairman Executive Committee.

THE Clearing House Section represents a membership of something like one hundred and forty-five associations, an increase of nineteen this last year through the active efforts of our vice-president, Mr. Ottley. There are something like one hundred and eighty associations in the country, a number of them, however, are clearing house associations in name only, and we believe we now represent at least ninety per cent. of the associations which exercise legitimate functions of clearing house organizations.

As you all know we have been engaged in several distinct lines of work for several years past. We have not taken up any new work since this body last met, but we are pleased to be able to report that we have, we think, accomplished definite progress along the different lines of our activity. I want to refer briefly to our special work.

First, the work of the use of the universal system in the handling of transit items. We believe that this is now almost an accomplished fact and we believe further that we are justified in reporting that at least fifty per cent. of the checks and drafts now in use bear the A-B-A number. Last year we were able to report only about twenty per cent. In this connection I want to thank members of the council who have been called upon at different times to assist us in presenting this work to different state and group associations. They have helped us very materially. We thank them and ask your continued co-operation. The committee have recommended that this work be continued along the same vigorous lines as followed heretofore. I may say that this work is under the direct charge of Mr. Van Vechten with the aid of our secretary and the other members of the committee.

Second, and one of our most important works, is that of clearing house examinations. We can report that nineteen associations now use the clearing house bank examination plan. A number of our leading cities are now considering the adoption of this plan and will undoubtedly, we think, use it in a short time. It is also being considered by groups of cities where it had not seemed practicable to undertake to have an examiner in one city alone. We believe, gentlemen, that this is only in its infancy and that in a short time you will find the clearing house examination plan in vogue in every city in the country and perhaps going outside of that and perhaps taking in groups of banks outside of the association. This work can never interfere with the supervision exercised by state and national examinations, but will simply supplement them and do a great deal along the line of securing better banking methods.

Third, the clearing house reports. It has been evident for some time that the clearing house so-called clearings are not always just what they purport to be. We have carried out a plan by which we are now compiling testimony as to bank transactions. Twenty or thirty associations have already complied with our request and are

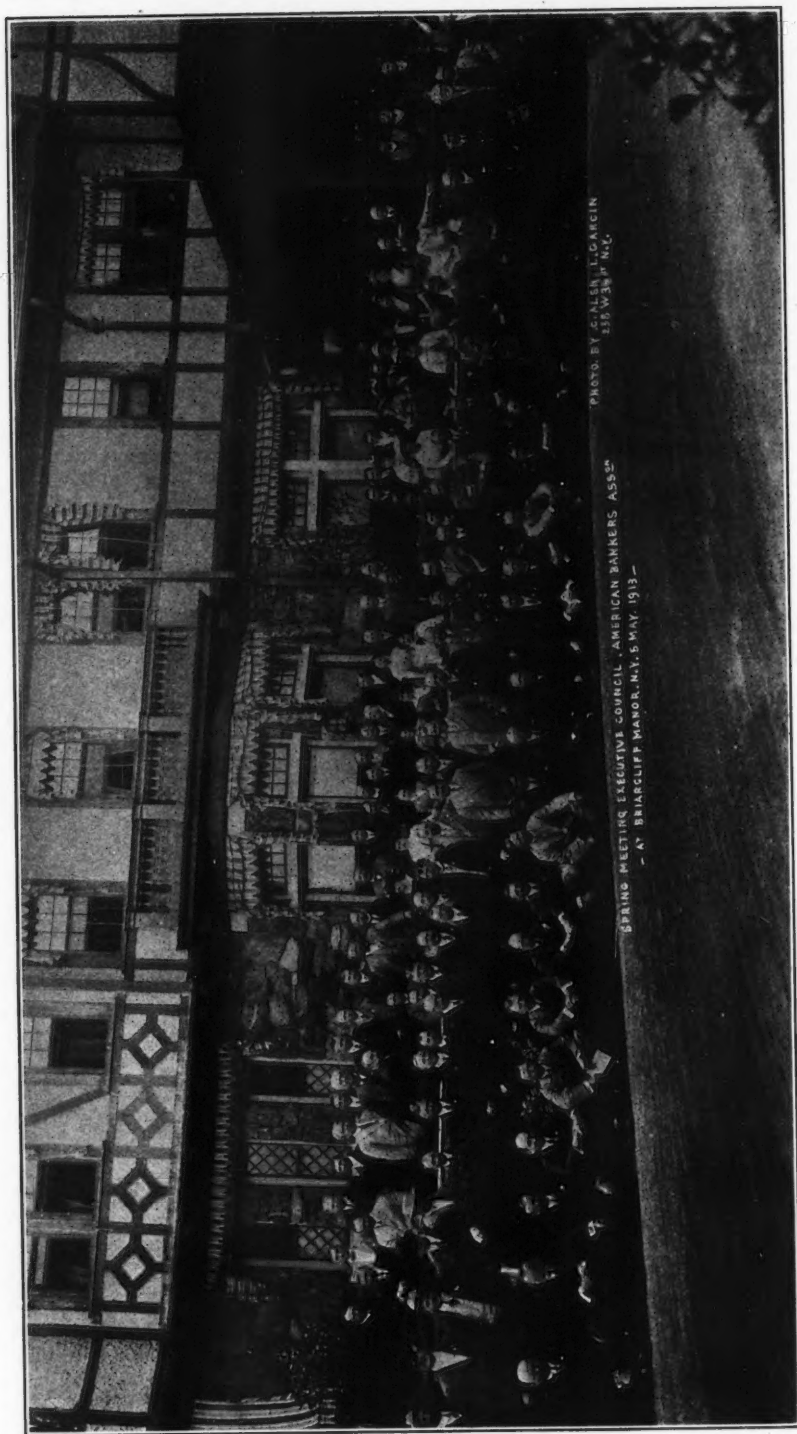


PHOTO BY GALEN T. GARCIN  
235 W 39th ST. N.Y.C.

SPRING MEETING EXECUTIVE COUNCIL - AMERICAN BANKERS ASSN.  
- AT BRIARCLIFF MANOR, N.Y. 5 MAY 1913 -

BANKERS AT BRIARCLIFF.

sending to the office of the secretary each week the figures representing the total bank transactions and to illustrate what that means I will refer, for instance, to the city of Spokane, which shows for one week banking transactions twelve and a half million, clearings something like four million two hundred thousand, which indicates that banking transactions are forty per cent. greater or rather that the clearings indicate only about forty per cent. of the actual transactions. This is yet an experiment, but the committee have felt justified in going ahead with it, believing that it will help along in the general work of securing valuable and reliable clearing house statistics.

Fourth, the country check problem. This has been attracting a good deal of attention, as indicated by the first program of the Association of Reserved City Bankers recently held in St. Louis. They have taken up this work in a very vigorous manner and I want to say this association must be reckoned with. They are represented here to-day and our committee has felt we must give them recognition in our Boston program and we propose so to do.

Fifth, the preparation for the Boston program, and I only want to refer to that incidentally and then I am through. We propose in that program to cover several very important subjects: first, the incorporation of the clearing house to be discussed by an eminent lawyer from the legal standpoint, and we hope that there will follow a discussion of this question led by some prominent banker who will talk from the standpoint of the practical advantage or disadvantage of clearing house incorporation. We will also take up the subject of clearing house examinations and have that discussed by a leading banker in a city which has made a good trial of the plan. Then the country check problem will be handled also from the standpoint of legal questions involved in handling same and also the efficiency of the clearing house country check and draft system, and lastly, Mr. Chairman and gentlemen, we ask your co-operation in our efforts to accomplish some real definite work through the medium of our Clearing House Section.

(Report received and filed.)

#### American Institute of Banking Section.

F. A. CRANDALL, Chairman Executive Council.

IT is impossible at this time to give a complete report covering the work of the Institute Section owing to the fact that their year's work is not yet completed.

It is my understanding that the detailed report is made at the meeting of the Council which meets in Boston this fall. I might say, however, that under the very able direction of Mr. Allen, our educational director, the standard study courses of the Institute are being pushed and I think more successfully this year than perhaps they have been any other year. I might also say that at our convention in Salt Lake City last fall a scheme was devised for an advance course for such of the members as wish something a little in advance of the ordinary courses and I think in the larger cities quorums have been organized in the different chapters and that work is also being taken up. Another thing which has been followed pretty closely this year and I think is a good deal of benefit in their chapter, debates on subjects of current interest.

I don't think I can go into details because I haven't the facts, of course, at my disposal. As I say, that report will be made this fall at Boston. Preparations are now being made for the Interstate Convention to be held in Richmond in September and at that convention the chairman of our Council will be elected, who will make a detailed report at Boston.

(Report accepted and filed.)

#### State Secretaries Section.

W. C. MACFADDEN, President.

THE State Secretaries Section has no formal report at this time, but for the section I desire to report all secretaries, with very few exceptions, strictly on the job in promoting the usefulness and efficiency of the various state associations and in assisting in the work of the American Bankers Association with a general desire to increase its usefulness and efficiency in all possible ways. With this end in view the secretaries desire to request that all officers and all important committees in the American Bankers Association communicate directly with the Secretaries' Section through its secretary, making suggestions or asking for such statistics or information as may be desired from time to time. Such communications will reach all secretaries through the secretaries' bulletin and a valuable method of co-operation between the American Bankers Association and the various state associations will be established.

(Report received and filed.)

#### Committee on Agricultural and Financial Development and Education.

JOSEPH CHAPMAN, Chairman.  
B. F. HARRIS.  
MYRON T. HERRICK,  
JOSEPH G. BROWN.

EDWIN CHAMBERLAIN.  
W. D. VINCENT.  
E. J. CURTIS.  
GEORGE WOODRUFF.

SINCE the meeting in Detroit, where we met last October, the American Bankers Association Committee has been working with the committees from the various states which have standing committees on this subject of agricultural development. Your chairman was in Washington last February and interviewed the gentlemen who were trying to get the Page bill and the Lever bill through both branches of Congress, and at that time it looked rather hopeful that some compromise might be affected and either the Page or Lever bill passed or some parts of both bills passed, but it was impossible to compromise the measures. It went to a conference committee and the conference committee refused to adopt the report, so that both bills died in the last session of Congress. At this session of Congress, as I understand it, Senator Smith from Georgia, who is a very ardent agricultural demonstration man, believing in carrying this work right to the farmer on the farm, has prepared a bill, and that bill will have the endorsement and co-operation of the bankers' committees in the various states to get it through. There will be another bill introduced in Congress in June by the friends of vocational training, giving the boy and girl who live in the city an education along domestic science lines and along industrial training lines, and that bill will also receive the support of this committee.

As far as our national work goes, that is about all we have accomplished. Some members of our committee have been very actively engaged in the study of farm credits, and as yet it is only a study. Mr. Herrick, who is still in France, and Mr. Chamberlain and Mr. Woodruff, have devoted considerable of their time to this phase of the question, and up to date Mr. Woodruff has started in on the practical demonstration of that work in Joliet, where he has established a trust company and adopted some of the European features which we hear so much about. The rest of the matter has been largely talk and no great advancement has been made. You understand, all of you, that President Taft in his message to Congress, recommended this proposition: the establishment of banks for rural credits and the adoption of the European system in this country, and Mr. Herrick has been getting information for the department and has submitted, and other committees have submitted voluminous correspondence to Congress, which has been published by the Senate Committee. Senator Fletcher, of the Southern states, has been very active in this matter, and I presume every member of the Council has received these articles. In view of that fact, the five hundred dollars which was appropriated by our committee to print such documents, for the translation of such documents as Mr. Herrick and Mr. Chamberlain collected while they were in Europe, the committee yesterday thought it advisable, as this field had been covered by the government and the facts were within reach of any one who cared to have the facts, to save that five hundred dollars for some other purpose or else turn it back.

The Southern Commercial Congress at present is in Europe studying this question, and when they come back they will present a report, and their report, I presume, will coincide with what has been found by the gentlemen of our own committees, namely, that conditions are different in Europe than they are in America; money is cheaper in Europe than it is in America, but they are going to come back with some ideas of some better methods, probably, of financing the farmer, and when that report comes in, it will be time enough for us as bankers to take it up and discuss it. Some people think the banker ought to lead in this movement. Personally I do not. I think we ought to keep an open ear to everything that is going on, investigate it thoroughly, but we ought to be very slow in encouraging the farmer of this country to think that he is going to get four or four and one-half per cent. money when the merchant, the railroad corporation and the manufacturer are paying a great deal more than that for money. He must get his money on a reasonable basis and as cheap as anybody else, but he cannot have money in this country on any different basis than any other citizen gets it, and a great deal of damage has been done already in this matter by holding out these ideals which have been transplanted from foreign countries without transplanting the environment with them. You cannot take the rate per cent. from Europe and introduce it in this country without introducing other things that go with that rate per cent. I thought, as one member of the committee, I would place myself on record before the Council and let you know what my attitude is on this subject. This work was added to the work of our committee by a resolution of Mr. Herrick at Cleveland, and I have faithfully tried to perform my part of it, although I will confess this: that the reason why the gentlemen who live in the South and the farmers cannot borrow money when the big insurance companies of New York City and other places are flooding the northwestern states with money, which is loaned in my district at five per cent.



to the farmer, and that question is a little deeper than the rate per cent., and we have confined our attention to what is fundamentally wrong with the farmer who cannot get this five and six per cent. money from the insurance companies that they are so eager to loan; and that, gentlemen, we have concluded is a question of education and better farming, and we have devoted nearly our entire time and attention of the committee to this subject with this result: As I reported last September in Detroit, there were some thirty committees appointed by the various states to work in their states along these particular lines. The American Bankers Association is the only committee which has this financial work wished on to it. The other committees in all of the states are simply doing educational work, and I just want to read to you a few brief synopses of what has been accomplished since we met in Detroit last September. Revolutionary work has been going on in this country, and the bankers have had a very large part in it, and as one member of the committee, I want to express to you, gentlemen, my conviction that this fundamental work, ground-floor work, that has been going on in this country the last three years and better since the legislators met in our various states beginning with last January, we have secured more real progress in this country along these lines than we have in any hundred years before in our history. That is a very broad statement, but I am going to prove it to you by what I read.

The Illinois Committee is a very active committee. I will read you a few brief statements of what they have accomplished there. They called the most representative conference that has ever been held in Illinois for the purpose of drawing a new state vocational educational bill. Practically all the primary interests of the state were represented in this conference, including the various labor and manufacturing associations, state farmers' institutes, state teachers' associations, and this bill is now before the legislature. It lays special stress upon agricultural work below as well as above fourteen years of age. Most of the work in the past has been devoted to a soil conservation and cropping. This year they are encouraging interest in live stock and dairying and have called a conference of the dairy interests of the state. They have taken a large part in securing County Demonstrators and about one-sixth of the counties have already arranged for County Demonstrators, while another sixth will shortly do so.

In Indiana the Committee was largely instrumental in getting through a splendid bill entitled "A Bill to Provide for the Encouragement, Maintenance and Supervision of Vocational Education in Industries, Agriculture and Domestic Science." This is known as House Bill Number 101 and copies may be obtained by writing to Andrew Smith, Secretary of the Indiana Bankers' Association, Indianapolis. Since the passage of this bill, the Committee has had several meetings, at the second of which they had as their guest the representative of all State Trades' Associations which were interested, directly or indirectly, in agriculture development. They submitted a plan at this meeting calling for a state-wide conference, to be held in Indianapolis on June 3d and 4th, have arranged an excellent program and intend to make the first Agricultural Conference of the State of Indiana a great success. The Committee has made wonderful progress and before very long every county in Indiana will be in the hands of a county agent, who must be a graduate of a reputable agricultural college, as well as having had some experience in the actual work.

The bankers in Kansas have been supporting their state agricultural college in demonstration work and secured increased appropriations from their legislature this last year for that purpose.

In Michigan they have called a conference of people interested in the rural schools. They were the people in 1912, the bankers' committee, to introduce into the rural schools in Michigan and make it compulsory the study of agriculture. The committee considered these subjects first. How to obtain a farm adviser? How to obtain a pedigreed seed. How to assist in the organization of pure-bred stock associations and cow-testing associations? How to offer premiums for exhibits at County Fairs. To arrange for corn contests so that there might be one in each township in the state.

Seventy counties of Michigan have taken up the work in one form or another. There are employed in the state eleven County Farm Advisers, two more have been engaged and 46 counties have made application to the government for these advisers. In many of the counties the bankers have sent out seed corn testers to the teachers of the rural schools. In many places reports are received that the teachers are testing the seed corn of the entire farming community. It is the ambition of the committee to have a farm adviser in each county and an annual corn contest in each township of the state. The Committee assisted in obtaining a much better appropriation for the Michigan Agricultural College and the bankers will back the movement of the alfalfa campaign.

I want to call your attention to this fact that in every one of these states I am reading about and others I won't read you about the banker has been agitating this question, creating sentiment on this subject, and in that way it is a very easy matter to get these bills through the various farmer legislatures.

In Minnesota, in my own state, the Committee has been very active in securing the passage of a law providing \$50,000 state aid for the employment of county experts in various counties in Minnesota. Under the law \$1,000 is paid by the state providing the county raises another thousand for such a man. This will provide fifty such men during the next two years for Minnesota. Also, seven counties have their own men and the farmers are paying the expense out of their own pockets, and the results obtained have been very satisfactory; to the counties where such a man has been employed. The Committee were also very active in securing increased appropriations from the Legislature for state support of schools teaching agriculture, domestic science and vocational training. Minnesota's appropriation for state aid is \$3,750,000; this is an increase over last year of \$360,000, making the amount of state aid given by Minnesota for industrial and practical education equal to the amount given by any other six states in the Union combined. Liberal appropriations were secured for the Agricultural College and the extension of agricultural work. Forty-five high schools in the state will receive \$2,500 state aid by reason of their teaching agriculture, domestic science and vocational training; some eighty more will receive \$1,800 a year for the same reason. Increased support was obtained for the consolidated rural schools, of which there are now some eighty in Minnesota. The only condition of receiving this aid is that agriculture shall be taught in the consolidated rural schools. In every group meeting held in the state during the past year and on every program for meetings to be held the coming year, the subjects of agriculture and vocational training have the most important place. The Minnesota Committee participated in an agricultural conference, representing the states of Minnesota, North and South Dakota, held in Minneapolis in November of last year. Four thousand farmers were in attendance at this meeting and the farmers voted unanimously to make the Agricultural Conference an annual event.

Now we come down to Missouri, the state where you have to show them. This committee have taken up vigorously the matter of the appointment of a Farm Adviser in each county in Missouri, with the result that nine or ten counties have a man at work, or have completed all arrangements for his employment. Forty other counties are ready to close contracts for suitable men. Nearly every county in the state has seriously considered the plan and expects to have a man at work in a year or two. Professor Doane, who has this work in charge for the College of Agriculture and the U. S. Department of Agriculture, attributes the splendid success of the movement to the efforts of the bankers in creating favorable sentiment for the project. He states that in most of the counties the vigorous work of the bankers, more than any other agency, assured the success of the enterprise. The Bankers' Committee, through their efforts, have placed many thousands of subscriptions to the "Missouri Farmer" among their farmer customers. A department in this paper known as "The Missouri Bankers' Association Department," has been started, in which it is proposed to keep before the people the work of the Committee on Agriculture and publish items of agricultural interest that come to the notice of the bankers. The placing of this paper among the farmers has had a very favorable effect. One hundred and fifty of the newspapers of the state have agreed to publish free of charge the bulletins on agriculture issued by Mr. S. M. Jordan. In every instance the bankers have secured the agreement to do this. Six bulletins have been given publicity in this way so far and have been well received by the farmers. A seed corn testing poster was issued by the Committee, the posters were ordered by banks to distribute to their farmer customers. The attendance during "Farmers' Week" at the College of Agriculture in January broke all previous records. This is attributable largely to the efforts of the Committee and the bankers of the state generally in advertising and arousing interest in the meeting. Many of the banks in the state secured the attendance of boys at the Short Course in agriculture at Columbia this year. The State Board of Agriculture conducted many institutes throughout the state during the Winter. At the suggestion of the Committee the bankers advertised these and contributed of their time and money to make them successful. Two special demonstration or institute trains were run by railroads in the southern part of the state. At the request of the Committee, the banks in towns along the routes of the trains advertised these meetings thoroughly. The officials of the roads state that the efforts of the bankers in this direction contributed very largely to the splendid success of the meetings held in conjunction with the running of the trains. The Committee and other bankers in the state, by letter and telegram to their representatives in Congress, did what they could to secure the passage of the Lever or Page bills. The Committee was active in the same way during the session of the last state legislature and doubtless had considerable influence in the passage of laws favorable to the interests of agriculture in Missouri. Eight circular letters were issued to members of the Association during the past year, touching certain features of the work.

Now, New Jersey. Out West, New Jersey is not known as an agricultural state, but this is what our friend Howell has done in New Jersey this past year. In New Jersey the



Committee has been co-operating with the authorities of the State Agricultural Experiment Station, and have succeeded in securing the passage of a law creating the office of State Farm Demonstrator, with a demonstrator serving under him in each county of the state. Two counties have already organized and secured farm demonstrators. The Committee has decided to push the work of the Agricultural Experiment Station at New Brunswick and are greatly encouraged by the results obtained from their first year's efforts.

In conjunction with the foregoing verbal report by Chairman Chapman, the Committee presented a synopsis of the work accomplished by Agricultural Committees of State Bankers' Associations covering the following states, in addition to those mentioned above:

#### Alabama.

The Committee is now preparing a plan by which the Alabama bankers will begin work along the line of agricultural development and education, and this plan will be submitted to the State Convention, which will be held May 8th and 9th.

At the different group meetings which have been held in the state, the matter has been discussed and a considerable amount of enthusiasm has been manifested.

#### North Dakota.

The Committee reports that it has obtained some results in the last six months which will be of decided benefit to the state. One member of its Committee, Mr. McDowell, was in the state senate, and introduced a bill which has become a law, providing that the board of county commissioners at their discretion or upon petition of 25 per cent. of the taxpayers of the county shall annually levy a sum not to exceed one-half of a mill on the assessed valuation of the county and appropriate the money thus derived from taxation for the purpose of entering into a contract with a person, persons or a corporation for the purpose of engaging an agricultural expert and carrying on the work of agricultural development and diversified farming.

The bankers of this state assisted quite materially in doubling the appropriations for the common schools of the state. The state gives every common school in the state from \$50 to \$150 as a sort of prize money provided certain conditions are complied with.

Almost every county in the state has taken up either the work of corn-growing by boys, butter-making contests by girls, or potato-growing contests by both. The bankers of the State are almost to a man giving of their time, energy and money to the furtherance of the work assigned to our Committee. The largest part of the support that comes to the Better Farming Association of North Dakota from the citizens of this State, comes from the bankers, not alone in what they contribute themselves but in their work in getting the County Commissioners and the farmers interested in diversified farming.

The State Bankers' Association this year will devote part of its program at its annual convention to getting the views of the men outside of the State, who come from districts where this agricultural development has been carried on successfully.

#### Oklahoma.

The Oklahoma Association is very much alive on this work; splendid results have been obtained by the Chairman of the Committee and by the Secretary of the State Bankers' Association, Mr. Harrison, who issued a bulletin in January to all of the state secretaries regarding the condition of the work in the various states.

#### Oregon.

Some of the best work done by any committee in the country has been done by the Oregon Committee; it secured the passage of bills providing state aid for schools which would teach agriculture; was largely instrumental in getting a law passed by the legislature appropriating \$2,000 state aid for each county that would appropriate \$2,000 more for the support and maintenance of a county expert for that county. It has kept the subject of better farming before the people of the state through the great newspapers of that state and through the farm papers.

Very liberal appropriations have been made for the extension of the work, in addition to appropriations for the maintenance of the Agricultural College at Corvallis.

#### Idaho.

The Committee reports as follows: Professor Hughes has been employed and he is now engaged in organizing boys' and girls' clubs in the various agricultural districts of the state, and instead of raising money to pay the salary of this organizer, the bankers of the state will be asked to raise a fund of \$2,000 to \$2,500 with which to pay premiums to these club members at local, county and state fairs this fall.

#### Pennsylvania.

The Pennsylvania Committee have attended all the meetings of the groups and have seen to it that the sub-

ject of agricultural development has the most important place in the discussions. They have been doing strenuous work in connection with a bill pending before their state legislature to enable their State Agricultural College to engage in field demonstration work and carrying an appropriation of \$1,000,000 for the purpose. They are encouraging the establishment of Farm Bureaus in several of the counties of the state, the banks of the State Association contributing liberally of their funds for this purpose. They are working in connection with the representative of the U. S. Department of Agriculture and report that they are more than satisfied with the results obtained.

#### South Carolina.

The state has a very energetic Committee. The Chairman, Robert I. Woodside, has left with a committee appointed by the Southern Commercial Congress and by the Government to spend three months in Europe, studying agricultural conditions and the agricultural credit system.

#### South Dakota.

The Committee from South Dakota was largely instrumental in securing the passage of a law providing for state aid for the employment of county agents in the various counties of South Dakota. It has been particularly active in supporting the Better Farming Association of that state, similar to the North Dakota Association, contributing largely of its own money for this purpose.

#### Tennessee.

The bankers in many counties have been co-operating with the state agent of the Department of Agriculture at Washington, to secure the employment of a full time agricultural expert in as many counties as possible. At present there are seven counties in the state which are doing this. The United States Department of Agriculture has a total of twenty-six agents in the field for 1913, an increase of ten over last year. There were about 3,000 acres in the demonstration farms in 1912, and the total average acreage for 1913 is 6,500. The results obtained have been so gratifying that it will not be surprising if one-half the counties in the state will not be induced to have full time men another year.

#### Texas.

The Committee has appointed a banker to act as sub-chairman of agriculture in every county in Texas. Particular effort is being directed to the appointment of United States demonstration agents in the various counties. The Texas law permits County Commissioners to appropriate as much as \$1,000 per annum for the appointment of these agents and as the results obtained by demonstration farmers in Texas have proven the value of this work, the bankers are endeavoring to arouse interest by calling group meetings of the county chairmen.

About ten thousand demonstration farmers working under United States demonstration methods made an average last year of \$10 per acre in excess of yields produced by their neighbors.

The Texas Bankers' Committee is endeavoring to arouse increased interest in the betterment of the State Agricultural College and the experiment stations.

#### Washington.

The bankers of the state are supporting an experienced organizer to travel over the state in the interest of contests among school children. The teaching of agriculture is compulsory in all public schools of this state and teachers and pupils are being made to realize that this feature is an important part of their work. The teaching of agriculture is becoming better understood.

#### Wisconsin.

The Committee has thoroughly aroused the people of the state to an interest in better agricultural and educational methods. It has conducted seed grain contests in three towns last year and this year has added fourteen towns to the list, in addition to the three towns it had last year. The committee is issuing timely agricultural bulletins, edited by the Agricultural College but printed by the Bankers' Committee and distributed through the different banks, who subscribe for a certain number—500, 1,000 or 1,500, as they may wish—to be mailed to the farmers in their vicinity each month.

The Committee is issuing timely agricultural bulletins, edited by the Agricultural College but printed by the Bankers' Committee and distributed through the different banks who subscribe for a certain number to be mailed to the farmers in their respective vicinity each month.

The following resolution was offered by Mr. Chapman as a part of the report:

"We endorse the proposed Federal aid for vocational education and believe that it should be given with reference to maintaining the integrity of or keeping intact our present democratic public school system rather than to build

up a separate or additional system with duplication of plants, administration, etc.

"We suggest that in any event such legislation be permissible with reference to this feature.

"For the very practical reason that a very large percentage of the children leave school before fourteen years of age, we are convinced that such Federal aid for vocational education should be provided for children in the grades, and below as well as above fourteen years.

"This requirement being in our judgment necessary not alone in agricultural instruction in the rural districts with which our Committee is particularly concerned, but in all vocational work, which is primarily necessary to make citizens and for its cultural value rather than to build up a foreign system of class and trades."

(Report received and filed, and resolution recommended to the consideration of the Convention in October next.)

#### Committee on Bills of Lading.

CLAY H. HOLLISTER, Chairman.  
DANIEL G. WING.  
F. O. WETMORE.  
SOL. WEXLER.

J. A. LEWIS.  
NATHAN ADAMS.  
WILLIAM INGLE.  
FRED I. KENT.

AT the Detroit Convention last September your Committee reported unanimous passage by the Senate of the United States on August 21st preceding, of the Pomerene bill relating to bills of lading. This bill, as you doubtless know is, with a few changes to adapt it for Federal enactment, the same as the Uniform Bills of Lading Act which has now been passed in a number of states. At a meeting of our committee held in Detroit on September 9th it was resolved that the committee co-operate with the shippers' organizations in urging the Pomerene bill before the House during the ensuing winter. In pursuance of this resolution a very active campaign was carried on in which the interest of bankers all over the country, members of this Council, as well as others, was enlisted to bring the proper influence to bear upon members of the House of Representatives and particularly upon members of the Committee on Interstate and Foreign Commerce to whom the bill had been referred. An enormous correspondence was carried on, largely through the Office of the General Counsel, and the active interest and support of many members of the House of Representatives was obtained. But notwithstanding all these efforts, owing to the adverse attitude of Chairman Adamson of the House Committee and the fact that our committee had, from tactical reasons, changed its advocacy from the Stevens to the Pomerene bill, it was impossible to procure even a hearing before the House Committee and the measure therefore died with the close of the Sixty-second Congress.

The Pomerene bill has been reintroduced in the present session of the Sixty-third Congress. At conferences held in Washington on April 16th and 17th, at which were present representatives of the shipping interests and Counsel Paton and Professor Williston representing our committee, the bill was gone over with Senator Pomerene and with Chairman Clark and Commissioner Clements of the Interstate Commerce Commission and a few technical changes agreed upon for the purpose of obviating any valid objections to its passage. It had been repeatedly asserted by Mr. Adamson that the Interstate Commerce Commission had full jurisdiction of the subject and had stated there was no necessity for any such legislation. What the Interstate Commerce Commission had in fact said was that they had jurisdiction over the form of the bill and the transportation end of the problem, but that they had no jurisdiction whatever over the negotiable side of the subject nor the question of liability of the carrier upon bills signed by his agent; that these were matters resting with Congress to determine and, committees of Congress having considered the question for several years were in a much better position than the Commerce Commission could possibly be to determine as to the necessity for such legislation. In view of the fact that the Commission has jurisdiction over the form of the bill of lading it was deemed wise to amend the bill by eliminating those provisions as to what the bill must contain, and this was done, except that the provision requiring the printing of the words "order of" on order bills was retained. With these changes relating to the form of the bill, it is in perfect harmony with the present jurisdiction of the Interstate Commerce Commission and they in no way object to it and there will no longer be even the shadow of a ground for Chairman Adamson to assert that the bill conflicts with the jurisdiction of the Interstate Commerce Commission, is objectionable to them, that they do not want such legislation and say it is unnecessary. Certain other minor changes were made in the bill and as agreed upon with Senator Pomerene, the program outlined will be the endeavor to procure its passage by the Senate this Spring before the Tariff bill engages the undivided attention of that body, and if this is done, to urge action in the House while it is waiting for the Senate to finish consideration of the Tariff bill.

Energetic efforts have been made in the different state legislatures this year in behalf of the Uniform Bills of

Lading Act and the bill has been passed by the state of New Jersey. In several other states it has passed one House but failed in the other. This campaign has been conducted through a voluminous correspondence as well as the preparation of a number of briefs and arguments to answer specific points of technical objections raised by members of different state legislatures. Up to date the Uniform Bills of Lading Act has been passed in the following eleven states: Maryland, Massachusetts, Connecticut, Illinois, Iowa, Michigan, New York, Ohio, Pennsylvania, Louisiana and New Jersey.

(Report accepted and filed.)

#### Committee on Cipher Code.

JAMES M. DONALD, Chairman.  
J. R. WASHBURN.

A. H. TITUS.  
A. C. ANDREWS.

THE above Committee having been appointed at this session of the Council, on the recommendation of the Administrative Committee, have not yet held a meeting. They were instructed, however, to immediately prepare a new Cipher Code, as the present edition will in the near future become exhausted.

The Cipher Code Committee invite suggestions from the members of the Association. These suggestions should be sent to the General Secretary, and they will be placed before the Committee.

(Report received and filed.)

#### Committee on Constitutional Revision.

ROBERT E. JAMES, Chairman.  
C. H. MCNIDER.  
W. J. BAILEY.

GORDON JONES.  
O. E. DUNLAP.  
SOL. WEXLER.

THE undersigned, a committee appointed by resolution of the general convention of the American Bankers Association at its last annual meeting at Detroit, and by the same resolution instructed to present for the action of the next annual convention a general revision of the Constitution of the Association, beg leave in order to comply with the Constitution in the matter of proposed amendments, and in order "That the Executive Council may arrange to bring" such revision "before the general convention under the regular order of business," and for the further purpose of informing the Executive Council of the general progress made by the committee of the convention, and for the solicitation of the suggestions from the Executive Council, to present the following report:

The committee has given careful attention to all of the features of the existing organic law and have endeavored to study thoroughly the general condition of the Association in all its phases, in order to correct, in so far as possible, those features of the present constitution and by-laws, which either by reason of the growth of the Association, the uncertainty of expression or inefficient methods seem to work adversely to the best interests of the Association.

It should be remembered that the present constitution is a growth covering the entire period of the existence of the organization. Seldom has a year passed that did not bring with it numerous efforts at amendment, many of which instead of simplifying increased the confusion. The original draft was hurriedly prepared and with little knowledge of the requirements it would be called upon to meet, and all subsequent amendments became necessarily attempts to correct some particular evil either of construction, failure to provide, or of developed weakness and were attached to the original draft, wherever it was thought best. The natural consequence was, that the document became more and more vague and uncertain and because of lack of provision, and apparently antagonistic features, became almost impossible of lucid interpretation. The design of this committee has been to endeavor to preserve the good of the present law, to improve by conservative additions or changes in important features, and above all to make the document as nearly as possible a logical instrument, readily intelligible, and one wherein any subject could be easily found in its logical place.

The committee thus far has accomplished something in this direction, and while the changes which the committee will present for the consideration of the convention are not of a too radical character, they will nevertheless require, in order to accomplish the purposes above set forth, very great changes in phraseology, and in location thereby making necessary the rewriting of practically the entire instrument.

In the draft proposed, the "Declaration" and Article I will remain unchanged, but thereafter the entire instrument will be subject to changes. Many clauses and sections of the present instrument are retained virtually in their entirety, but in order to have them appear in their logical order in the instrument, will be placed in new position.

For the information of the Executive Council and in order that the committee may have the benefit of any suggestions desired to be made by the Executive Council, prior to their concluding their labors in the preparation of a

final draft, and in order to comply with the provision of the last Article of the Constitution, this report setting forth a resume of the general features of change, is now submitted.

The committee have tentatively agreed upon a draft which after the declaration and title, may cover the following subjects:

First—Membership and all the incidents thereto.

Second—The General Convention as the supreme authority of the Association, its organization, qualifications of its delegates and election of its officers.

Third—The Officers of the Association, their terms, powers and duties.

Fourth—The Executive Council, its organization, qualifications and elections of its members, its authority and duties; its officers and their duties, and the organization, membership and duties of its committee.

Fifth—General Convention Committees and their creation, terms of office, powers and duties.

Sixth—Sections and their authorization and a provision by by-law for the extension of their number and their control.

Seventh—The method of amendment of the Constitution, practically remaining as heretofore.

Eighth—Such by-laws as are necessary to carry into effect the provisions of the Constitution.

This outlines the plan of the proposed revision. The committee desires to indicate to the Council the prominent features of change in the proposed draft as compared with the present instrument.

First—Membership. Membership qualifications remain practically the same as heretofore with the exception that members outside of the jurisdiction of the United States are made associate members with all privileges except that of voting.

Second—The General Convention. The supreme authority is vested in the General Convention. Provision is made for annual sessions and special sessions of the General Convention. Provision is made for the election of a president and vice-president of the Association, and state vice-presidents.

Third—The duties of the president and vice-president and state vice-presidents are set forth. State vice-presidents are elected by state bankers' associations and are not merely nominated by such associations as heretofore.

Fourth—The Executive Council. (a) The members of the Executive Council are elected by the state bankers' associations and not as heretofore merely nominated by those organizations. The Council is composed of the president, the vice-president, the last former president of the Association and elected members. This provision eliminates from the Council honorary membership, except as to the last former president, the president and vice-president. All former presidents, however, are granted the privileges of the floor in all meetings of the Executive Council, but without vote.

(b) The draft provides that the president of the Association shall be chairman of the Executive Council and that in his absence the Executive Council shall elect one of its members as chairman pro tem.

(c) The draft proposes two classes of Council Committees, Permanent Council Committees and Special Council Committees. It further proposes the organization of Permanent Council Committees as follows:

The Committee on Law.

The Committee on Federal Legislation.

The Committee on Membership.

The Administrative Committee.

The Finance Committee.

The Protective Committee.

It provides further that all Permanent Council Committees shall be elected by the Executive Council from their own membership in classes in each committee of one, two and three years terms. The Council at its first meeting after the adoption of the Constitution to organize these committees by such elections for such terms and yearly thereafter to elect to each of such committees, one-third of its membership for a three-year term. Such committees to elect their own chairman. The Special Council Committees to be either elected or appointed as the Council may direct. The duties of the committees are closely defined with the hope that should the draft be adopted, committees will not mistake the boundaries of their authority. Wide authority is given to the Council in the matter of the supervision of expenditures, extending to the control of its officers, of all subordinates as to expenditures, or salaries, or compensations, and extends to the control of the finances of the sections.

(d) The Finance Committee is changed in its composition in this respect. The draft provides that it shall consist of three members of the Council of the one-year class, three members of the two-year class and three members of the three-year class, together with the vice-president and treasurer of the Association. The vice-president to be chairman of the Finance Committee. The restrictions upon appropriations and expenditures remain approximately the same, but possibly more stringent. The result of the revision may require the adoption by the Council of standing rules for the direction and control of the Finance Committee.

(e) The Protective Committee is appointed by the president of the Association as chairman of the Executive Council from the three classes of the Council and as now their names remain unknown.

Fifth—(a) General Convention Committees are of three kinds, Standing Committees, Session Committees and Special Committees. Standing Committees are appointed either by the Convention or by the president as may be ordered in classes of one, two and three years service and at each Convention the vacancies from the expiration of term are filled by appointments for a term of three years and other vacancies from the class in which the vacancy occurs. It also provides that no member of the Association shall be a member of more than one Standing Committee at the same time. It also provides that no member whose term has expired shall immediately be reappointed upon such Committee except by the unanimous vote of the Convention. Session and Special Committees whether appointed for the pending work of the Convention or for work during the interim between Conventions shall be appointed by the president unless otherwise ordered, and the first class shall expire with the Convention and the second class shall expire at the succeeding Convention, unless especially continued by the act of the General Convention.

(b) In order that the organization of Committees and the continuance or discharge may be not overlooked, and in order that the records may be certain, the draft provides that a special order of business entitled Committees and Committee membership shall be placed on the program at the annual sessions of the General Convention, under which order all Committees shall be listed and being taken up in their order, shall be discharged, continued, vacancies filled or changes made as to the Convention may seem proper.

(c) The Currency Commission is treated as a special creation of the Association and is created with provisions for the continuance of its membership, and it is especially provided that it shall not be subject to the rules enacted for the control and membership of the General Convention Committees.

(d) The Nominating Committee is to be elected by the State Bankers' Associations of the various states and receive their authority from their associations.

Sixth—Sections are authorized to be established and regulated by By-Law, and in this connection a By-Law is proposed which authorizes the establishment by the Council if it shall see fit, of two additional Sections, viz: A National Bank Section and a State Bank Section. In this connection it is provided that any member may become a member of any one of the established sections and of not more than one. It is also provided that Sections shall be under the control of the Executive Council, that the Executive Council as heretofore may make reasonable financial provision for the needs of the Sections and shall also control the disbursement of any funds so provided.

Seventh—The draft also makes provision for the introduction of original resolutions under the proper order in the proceedings of the Convention without reference for approval or disapproval of the Executive Council. This is supplemental to the ordinary rule of submitting such resolutions to the Executive Council for approval or disapproval. This provision is introduced under the restrictions of "the question of consideration," and it is provided that when a resolution is offered under the appropriate order the presiding officer shall without debate submit the following question to the Convention: "Shall the resolution be considered by the Convention?" A vote is immediately taken, and if the question is determined in the affirmative, the resolution will be in regular order, otherwise the Convention will pass to the next matter of business. The further provisions as now contained that the proceedings under this Section shall not apply to amendments to the Constitution, still remain.

The By-Laws as proposed fix dues for associate members, Clearing House members, Chapters of the Banking Institute and Secretaries of State Bankers' Associations.

The Fourth and all subsequent Articles of the present By-Laws are stricken out and new By-Laws are inserted.

The Fourth By-Law as now proposed provides for the election of members of the Executive Council.

In States having less than one hundred members a Group system is provided: and the Groups constructed for the purpose of the election of members of the Executive Council.

The new Fifth By-Law provides for the election of State Vice-Presidents and members of the Nominating Committee.

The proposed Sixth By-Law confirms Sections now existing and authorizes the creation under the Constitutional provision of a National Bank Section and a State Bank Section, and provides that they may be established by the Executive Council. This By-Law also provides that the salaries, compensations of Secretaries and employees of Sections shall be fixed by the Executive Council, and such officers and employees shall be subject to the direction of the General Secretary and the Executive Council.

There are many omissions in the present Constitution, some important and others of no great moment, which still however need attention to avoid conflicts in emergency. A few may be cited to illustrate.



There is no adequate provision for the organization of the Annual Convention. There is no provision made for the establishment of the office of President and there is nowhere a statement of the duties of the President. There is no provision fixing his term of office or providing for the time of his assuming his official duties. The same things are true in all respects as to the office of Vice-President, in consequence of which there is no provision for his becoming President in the event of the death, resignation or disability of the President. All these things may be supplied by inference, and in the history of the Association the ordinary and usual powers and duties have been imputed to these officers, but if at any time a conflict arose, the present conditions would be found exceedingly embarrassing. All other officers actively engaged in the administration of the affairs of the Association are officers of the Executive Council, with duties specified, covering the ordinary and usual duties of officers of the General Convention. This condition while unusual and even extraordinary, perhaps has much of merit and it was not deemed wise to make any change in this respect.

In the performance of its duties the Committee has given careful consideration to the widest views that may be entertained by any portion of the membership. The Committee is thoroughly impressed with the impossibility that an annual meeting of membership should be a deliberative body. The great numbers assembled, the lack of information as to any subject that may be presented, the lack of time to properly elucidate any subject under discussion, the inclination to hurriedly dispose of business, the continuing distractions of entertainment and sightseeing and the prejudices, ambitions and disappointments incident to the conduct of a great body all unite to minimize the value of such an assembly for deliberative work, and again, under the most favorable circumstances there are never assembled in Convention more than one-third of the membership and consequently any legislation is the legislation of a small minority of the general body.

These conditions give countenance to the suggestions made by some that a deliberative assembly composed of representatives apportioned among the various States and elected by the State Associations, should be created. Such a body, if not too large, might be eminently fitted and could take ample time for the consideration of those important matters which now by no possibility can be given proper consideration in the General Convention, and are impossible even of proper consideration in the small body of the Executive Council. The advantages to be gained from such a body would be: First, fair representation at all times of all sections of the country, assuming that the membership of such a Congress would faithfully attend its stated meetings.

On the other hand, the present Convention when located in the far West, is almost exclusively a Western body. When located in the Middle West is entirely dominated by the great attendance from that section, and if held in the East will have a vast majority of those in attendance from that section, and any legislation will follow the sentiment of the section, instead of the country. These features, of consideration, equitable representation, and the avoidance of the preponderance of sentiment of any locality, if possible to be put in effect, would be of incalculable value, but on the other hand the plan would deprive the general membership of a sense of participation in the affairs of the organization, would destroy the great benefits arising from the mutual contact now insured under the present system in the Convention, and would create sentiment so prejudicial to the interests of the Association as to probably result in a practical disintegration of the Association.

While the Committee has given this much thought and realizes the great advantages that might be gained by a representative deliberative body, they feel that the objections are of so grave a character as to preclude the possibility at least for the present of an organization of the Association on any such plan. They have, however, in their proposed draft endeavored to establish something of the good that might follow from such an organization. Under the proposed plan, the Executive Council will be a representative body in which every State will have an equitable representation. The present system of the keeping of the control of the membership of the Executive Council within the Executive Council and within the powers of a Nominating Committee are reversed and the States are the unit and send their representatives to this body. The system of representation being similar to that of the House of Representatives at Washington. This thought of making the Council a representative body precludes the possibility of the retention of a membership without a constituency and therefore those who have heretofore had membership in the Council by compliment, are necessarily in large degree omitted from that membership.

In view of the fact that the Executive Council is the only body with legislative power, which is representative of the entire membership without regard to locality or otherwise, the Executive Council should be exclusively a body of representatives of constituencies. The only exceptions made in the draft of this, are in the case of the President and the Vice-President, and for obvious reasons the last past President. By this means it is hoped that the Executive Council may become a legislative body,

where ample opportunity for deliberation and consideration shall be given, and where there can be no predominance of sections of the country, and where by reason of the uniformly large attendance, each section will be heard.

The Executive Council should be composed of the very best material to be obtained in the States, and the dignity and responsibility of the office of member, and should make it impossible for the action of the Council to be warped by special influence or political arts. One reason for the abandonment of the Chairmanship of the Council was to banish as far as possible political activities from the Council meetings.

The Committee without further detail and with entire willingness to receive suggestions and give information upon any feature of the as yet unfinished work, make this report and request that the Council shall make arrangements for the placing of the final report of the Committee upon the program for the next Annual Convention to be held at Boston. And the proposed amendments will be submitted by the Committee to the General Secretary in ample time for the publication required in Article X of the Constitution.

(Report received and ordered printed in this month's issue of the JOURNAL-BULLETIN, and galleys of the report struck off and mailed to members of the Executive Council.)

The following resolution was adopted:

"Resolved, that pursuant to the provisions of the Constitution and the request of the Committee on Revision of the Constitution, the General Secretary be directed to arrange for a proper place on the program for the amendments proposed by the committee appointed by the last annual convention for that purpose and that all measures required be compiled with, that the proposed amendments be placed in proper place on program of the next annual convention."

#### Currency Commission.

A. B. HEBURN, Chairman.	SOL. WEXLER.
JAMES B. FORGAN,	ROBERT WARDROP.
Vice-Chairman.	E. F. SWINNEY.
MYRON T. HERRICK,	JOSEPH A. MCCORD.
FESTUS J. WADE.	J. F. SARTORI.
JOSEPH T. TALEBERT,	LEVI L. RUE.
GEORGE M. REYNOLDS.	E. L. HOWE.
JOHN PERRIN.	FREDERICK E. FARNSWORTH,
LUTHER DRAKE,	Secretary.

As you are aware, the Currency Commission, the Executive Council and the American Bankers Association itself in convention assembled have in turn favored and endorsed the banking and currency plan as proposed to Congress by the National Monetary Commission. This plan was opposed in the campaign platform of the successful party at the last election and the change in government administration has placed the matter of banking and currency legislation in the hands of an entirely new set of men.

The matter is receiving the serious consideration of the new administration as well as of the banking committees of both the Senate and the House. Undoubtedly a definite proposal emanating from one or both of these committees will be made before long.

In view of these facts, and believing that the congressional committees having the matter in charge would prefer to formulate their own plans, based on a wide study of the subject, rather than to have the Currency Commission of the American Bankers Association suggest a plan to them, there has been no occasion for holding a meeting of the Commission this year.

We have every reason to believe that when these congressional committees have evolved a plan they will want our opinion of it and our co-operation and assistance in working out the details of it.

In accordance with the resolution of the Association passed at its convention at Detroit last Fall the Commission stands ready to "co-operate with any and all people in devising a financial system for this country which shall place us on a par with the other great commercial and competing nations, a system which shall give the American people of all classes and conditions financial facilities and industrial advantages to which they are entitled." We will continue to watch the progress of legislation in Congress and at the proper time the Commission will be called together for the consideration of any plan that may be authoritatively proposed.

In moving the adoption of the report, Mr. Sands offered the following resolution in conjunction therewith:

Whereas, in the opinion of the Executive Council of the American Bankers Association, Banking and Currency Legislation is of permanent importance, and that such legislation should be had at the earliest possible moment so as to be of service when the changes which are about to take place in the general fiscal policy of the Government are put into effect, and

Whereas, it is not the policy of the American Bankers Association to suggest the form of such legislation, but only in general terms to recommend to the President and Congress the adoption of such a plan as will meet the re-



quirements of this country after a careful study of proven systems of other great commercial nations; therefore, be it  
**RESOLVED**, that the Executive Council of the American Bankers Association recommends to the American Bankers Association that it take action to bring to the attention of the President and Congress the necessity for prompt Banking and Currency Legislation.  
 (Report adopted, together with the resolution appended thereto.)

# Federal Legislative Committee.

E. F. SWINNEY, Chairman.  
 JOSEPH A. McCORD, J. F. SARTORI.  
 LEVI L. RUE, E. L. HOWE.

**A** COMMITTEE appointed by the Administrative Committee at its meeting on January 7th, composed of: E. F. Swinney, Kansas City, J. A. McCord, Atlanta, L. L. Rue, Philadelphia, E. L. Howe, Princeton, and J. F. Sartori, Los Angeles.

This committee had their first meeting in Washington City on Friday, May 2d, and took up with members of the Ways and Means Committee the question pertaining to that part of the tariff law, which seems to be unsettled, as to whether a bank paying taxes for the stockholder would be allowed to deduct this as a part of the expenses in computing the returns for corporation tax. We went over the matter thoroughly with them, but are sorry to say we did not make any particular headway, they seeming to fear that in making the change asked for it might conflict with other parts of the bill. We did, however, learn that where a bank pays the personal tax on the shares for an individual, the individual could deduct this tax paid as a part of his expenses in arriving at his net income for tax purposes.

We also took up with the Ways and Means Committee several provisions of the bill which imposed duties on banks and others as collectors of the income at its source, which provision seemed impracticable to be carried out and would work a great hardship on the banks. We had a long discussion over these provisions and obtained the promise of members of the Ways and Means Committee that they would see what they could do to devise means to correct them. Our committee were successful, however, in procuring the amendment of the bill by the insertion of an exemption from the income tax of mutual savings banks not having capital stock. This exemption was not in the bill as originally introduced, but was inserted in the bill as it was reported to the House.

We learned during our visit at Washington that what is known as a currency bill is being prepared, and while the information which we got was of a confidential character and therefore cannot be discussed, we believe it the duty of this committee to call attention to this bill and suggest that it is of great importance that this matter be looked after and followed up closely, as the bill as originally outlined was of a drastic nature and one which we fear would bring great hardship upon the business world. We, however, were impressed with the earnest desire of those having this bill in charge to secure practical suggestions which would aid in framing beneficial legislation.  
 (Report received and adopted.)

# Finance Committee.

ARTHUR REYNOLDS, Chairman.  
 J. FLETCHER FARRELL, EMORY W. CLARK.  
 F. H. GOFF, C. G. HUTCHESON.  
 J. F. SARTORI, JAMES K. LYNCH.  
 JOHN K. OTTLEY, DOWNIE D. MUIR.  
 LEDYARD COGSWELL, W. F. MCALEER.

**Y**OUR Finance Committee beg to submit herewith the following report for your consideration, and recommend that appropriations asked for to the balance of the fiscal year ending August 31, 1913, as follows, be allowed:

Savings Bank Section.....	\$ 1,000.00
Clearing House Section.....	500.00
Administration:	
Council Meeting .....	\$ 600.00
Journal-Bulletin .....	1,500.00
Library .....	200.00
	2,300.00
General Counsel .....	2,000.00
Standing Protective Committee.....	23,000.00
	\$28,800.00

Balances as shown on the books of the Association April 24, 1913, to the credit of the Administration, Sections and Committees.....\$40,309.80  
 Less balance to the credit of the Committee on Forms for National and State Banks which will be covered by revenue accruing from the sale of books of forms.....3,980.79

Net credit balances.....\$36,329.01

Appropriations for the balance of the fiscal year, as shown above.....	\$28,800.00
	\$65,129.01

Balance in the treasury.....\$68,670.66  
 Credit balances and appropriations as shown above, if used.....65,129.01

Balance .....

This balance, of course, does not include the receipts of the Association from April 24 to August 31, 1913, inclusive, from dues, interest on investments, and other sources. This will amount to probably a few thousand dollars.

In addition to the cash as shown in the Treasury of the Association, the following amounts in cash are held by the Sections:

Trust Company .....	\$1,185.32
Savings Bank .....	2,252.10
Clearing House .....	390.77

Total .....

It is the understanding of your Committee that in the credit balances and in the appropriations asked for, that all bills of the Association can be paid in full to the end of the fiscal year and that there will be no unpaid accounts, as has been customary for the past three or four years; or, in other words, the Association will not be facing a shortage at the end of the fiscal year which has been carried over for some time, owing to the extraordinary expenses contracted during a period some four years ago.

The cash balance on hand, as shown by the Treasurer's statement, is \$20,000, more than at this same period one year ago.

It is with much satisfaction that your Finance Committee is enabled at this time to make so satisfactory a statement. This has been brought about by a reduction in the general expenses of the Association and all of the departments and committees, and the increased revenue from membership dues and large increase in new members.

We wish to commend the work of the General Secretary in presenting to your Committee exhaustive and comprehensive reports of the finances of the Association and the detail with which the necessary information has been furnished to the Finance Committee with the statements of expenditures, in which all items are very clearly defined and in minute detail.

The Finance Committee, by the power invested in them by the By-Laws, appointed Marwick, Mitchell, Peat & Company, of New York City, to audit the books and accounts of the Association at the end of the fiscal year, August 31, 1913.

(Report received and adopted.)

# Committee on Forms for National and State Banks.

JOHN M. MILLER, JR., Chairman.  
 J. FLETCHER FARRELL, JOSEPH WAYNE, JR.

**Y**OUR Committee on Forms for National and State Banks, appointed originally at Atlantic City on May 4, 1910, presents herewith a report of the work assigned to this Committee, which was to collect and publish in book form samples of stationery and accounting forms in use in the National and State Banks of the United States. This has now been done.

Over five thousand forms were submitted by members of this Association, covering all classes and varieties of bank accounting to be found in city and country banks in every section. Your Committee recommended, in its original report, that the work of assorting these forms into a comprehensive series from which typical examples could be selected, should be given over to some one qualified to complete the work. Your Committee, therefore, asked the Secretary of the Clearing House Section, Mr. Wolfe, to undertake the completion of the task which he has done with the co-operation and to the entire satisfaction of your Committee.

The book contains 124 pages, handsomely bound in flexible, morocco covers, showing about 300 forms. Your Committee is of the opinion that the permanent value of the book lies in the suggestive ideas that it contains. The purpose has been to produce something of educational value, rather than an extensive exhibit of specimen forms.

Letters, inviting subscriptions, were sent to all our members and the response was very gratifying, orders for more than 2,000 books having been received. This has enabled us to place the price at \$5 per copy, in accordance with the earlier recommendations of the Committee and others, that the price should not go above that amount.

Very advantageous arrangements were made with the printers and the whole proposition has been handled on a business-like basis, so that we are glad to report that the income from the sale of books will reimburse the Association for all expenditures in connection with the work since your Committee was originally appointed and a sufficient surplus will be remaining to allow additional sheets to be sent to subscribers without further cost, as changes in banking law or custom may require.

The Committee recommends that \$500 compensation be paid to Mr. Wolfe, who has undertaken and completed this work outside of the time and regular duties of his office, and it is due to his expert knowledge of bank accounting and business ability that the Book of Forms has resulted in a very substantial surplus which will be turned back to the Association.

We would, therefore, respectfully ask that your Committee be discharged, and the further custody of the Book of Forms be given over to the Clearing House Section.

(Report accepted and adopted and the Committee discharged with thanks.)

#### Insurance Committee.

OLIVER J. SANDS, Chairman.

H. P. BECKWITH.

O. E. DUNLAP.

ON May 7, 1912, the Committee on Fidelity Bonds and Burglary Insurance, which had labored long and effectively, made final report and was discharged; in its place a committee known as Committee on Insurance was appointed. On account of being called to more important service for the Association, the gentleman appointed to head the Committee found it necessary to retire as soon as a new Chairman was appointed. This has caused some delay in the work of the Committee.

The plan outlined by the Committee is to secure the latest information possible regarding rates charged in different sections of the country, forms of policies and protection given, particularly as to Burglary Insurance. It is the opinion of the Committee that there is great lack of uniformity in the matter of classification of risks, and that an active down to date investigation and study of this question in its various phases will be productive of much good to the members of this Association.

(Report accepted and filed.)

#### Law Committee.

PIERRE JAY, Chairman.

J. F. HAGEY.

I. H. ORR.

R. W. CUTLER.

F. W. FOOTE.

THOMAS B. PATON.

YOUR Law Committee are pleased to report a very successful legislative campaign in the promotion of protective and beneficial legislation in the different state legislatures which have held sessions during the present year. Pamphlets containing drafts of proposed laws upon eleven subjects of legislation heretofore recommended for enactment by this Association, with annotations of previous enactments and statements of the underlying reason or necessity for such laws were prepared last December by and issued from the Office of the General Counsel in behalf of the Law Committee. These pamphlets were forwarded to Secretaries and legislative Committees of State Bankers' Associations and to other interested persons in forty-one states and jurisdictions which have already held or are yet to hold legislative sessions during the present year.

A very extensive correspondence has been carried on through the Counsel's office in aid of this legislation comprehending matters of explanation, argument and the answering of objections, conducted with both bankers and legislators.

Some of the state legislatures have not yet adjourned and complete reports have not as yet been received from a number of the states. But from advices thus far received, we are able to report the following enactments this year of measures recommended by this Association:

The NEGOTIABLE INSTRUMENTS ACT passed in:  
Arkansas South Dakota  
Indiana Vermont

The UNIFORM WAREHOUSE RECEIPTS ACT passed in:  
Minnesota Vermont  
Oregon Washington  
South Dakota

The UNIFORM BILLS OF LADING ACT passed in:  
New Jersey

The Act to punish FALSE STATEMENTS FOR CREDIT passed in:  
Delaware Utah  
Indiana Vermont  
Maine

The Act to punish DEROGATORY STATEMENTS AFFECTING BANKS passed in:  
Oregon Washington

The Act to punish the giving of CHECKS OR DRAFTS WITHOUT FUNDS passed in:  
Arkansas Oklahoma  
Indiana Utah  
Maine

The Act fixing the liability of banks for payment of FORGED OR RAISED CHECKS passed in:  
Indiana Oklahoma  
Missouri Vermont

The Act authorizing PAYMENT OF DEPOSITS IN TWO NAMES passed in:  
Kansas Utah

The Act providing COMPETENCY OF BANK NOTARIES passed in:  
Idaho New York  
Washington

Aside from legislation recommended by this Association, the states of Arkansas and Tennessee have, this year, enacted for the first time, general banking laws, and the state of Colorado has also revised its banking code. A complete report of state legislation relating to banks will be presented at the Annual Convention.

(Report received and filed.)

#### Membership Committee.

THE Membership Committee reported that they had met with the General Secretary and the Assistant Secretary of the Association and had thoroughly investigated the method of keeping the membership and non-membership records; that they had approved such system, and that they also approved the method adopted in the solicitation of new members through the general office, the vice-presidents, members of the Council, and State Secretaries; and while they had no special suggestions to make at this time, as suggestions came to them from time to time, they would communicate with the general office of the Association.

(Report accepted and filed.)

#### National Councillor Chamber of Commerce of the United States of America.

ALBERT D. GRAHAM.

I HAVE no special report to make regarding the Chamber of Commerce of the United States of America. I am keeping in touch with the relations between the American Bankers Association and the Chamber of Commerce, and such communications as I have in hand I will submit to the Special Committee of the Council on Communications, who will report before the close of the session.

(Report received and filed.)

#### Committee on Program for Boston, 1913, Convention.

JAMES K. LYNCH, Chairman.

R. C. STEPHENSON.

JOSEPH WAYNE, JR.

RALPH W. CUTLER.

DOWNIE D. MUTR.

JOHN K. OTTLEY.

W. C. MACFADDEN.

THE Committee on Program appointed at the Detroit meeting, September, 1912, begs leave to report as follows:

The subject of changes in the program was considered by correspondence and a substantial agreement arrived at. At Briarcliff a consultation was held with General Secretary Farnsworth, and also with Mr. Beal of the Boston Committee. A meeting was called for eight-thirty P. M. on Monday, May 5th, at which were present Messrs. Cutler, Ottley, Stephenson, Macfadden, Wayne and Mr. Lynch acting as chairman.

The following conclusions were unanimously arrived at:

1. That the addresses of welcome, while not entirely eliminated, should be brief and as few in number as possible.
2. That the usual response to the addresses of welcome be omitted and that whatever recognition is desirable should be embodied in the President's report.
3. That, as is now the custom, the reports of the General Secretary, Treasurer and Chairman of the Executive Committee should be printed and distributed among the members present, following which they should be offered for acceptance with as little formality as possible, giving, however, any members present an opportunity to make inquiry or objection.
4. That the committee meetings be held upon the first day of the session, the second to be taken up by the section meetings and the third and fourth days by the general convention.
5. It is recommended that the entertainment be confined to the day following the meeting except such as may be given in the evenings during the time of the convention.
6. It is further recommended that no bank be permitted to open offices in the headquarters hotel.

The purposes of the changes recommended are to secure a greater attendance of men who are interested in the work of the convention, and to reduce the entertainment, it being the opinion of the Committee that even if the total registration is reduced by such action, the amount

of effective work accomplished will be increased and the standing and reputation of the Association will be improved.

(Report received and adopted, and the Committee having completed its labors, was discharged with thanks.)

## DOCUMENTS FOR DISTRIBUTION.

**T**HE Association has on hand a quantity of printed matter. The list comprises the following documents, any of which will be sent to our members on notifying the office:

### Bills of Lading.

New Uniform Bills of Lading.

Constitutionality of Proposed Act (H. R. 14934). Pennsylvania Speech—L. E. Pierson.

Little Rock, Arkansas, Speech—Thomas B. Paton.

Jamestown, Virginia, Speech—Thomas B. Paton.

Oklahoma Speech—Evans Woollen.

Report of Committee to 1908 Convention at Denver, with Appendices.

Report of Committee to 1909 Convention at Chicago, with Appendices.

Report of Committee to 1910 Convention at Los Angeles, with Appendices.

Proceedings of Joint Conference between bankers, carriers, shippers, etc., held at Chicago, September, 1909.

### Currency.

Report of the Currency Commission of the American Bankers Association, 1907.

Report of Currency Commission of American Bankers Association, made at a meeting held at Chicago, Saturday, January 18, 1908.

Statement of Currency Commission of American Bankers Association presented to House Committee on Banking and Currency, at Washington, D. C., Wednesday, April 15, 1908.

Credit Currency. By Elmer H. Youngman, Editor "Bankers' Magazine."

Address of Hon. Charles N. Fowler, Chairman Committee on Banking and Currency, on the Financial Situation before the Illinois Manufacturers' Association, at Chicago, December 10, 1907.

Report of Committee on Banking and Currency on the "Issue and Redemption of National Bank Guaranteed Credit Notes," Fifty-ninth Congress, Second Session, 1906-7.

Suggested Plan for Monetary Legislation, submitted to the National Monetary Commission—By Hon. Nelson W. Aldrich, as revised by the Currency Commission of the American Bankers Association.

### Miscellaneous.

Guaranty of National Bank Deposits. By James B. Forgan, President First National Bank, Chicago, Ill., before the annual meeting of Group Two of the Bankers' Association of the State of Illinois, held at Peoria, June 11, 1908.

General form of Articles of Association to be used in the organization of Clearing House Associations in the smaller cities and towns.

Report of Special Committee, Trust Company Section, September 13, 1904, on the Classification of Legal Decisions relating to Safe Deposit Companies, Rules and forms.

Address by Jordan J. Rollins before the Trust Company Section, September 14, 1905, on "The Protection of Trust Companies Acting as Transfer Agents and Registrars."

## RECENT PAMPHLETS ON CURRENCY LEGISLATION.

**T**HE Association has on hand for distribution upon request the following pamphlets:

Anderson, F. B., "The Need of Banking and Currency Reform."

Case, J. H., "Desirability of Commercial Paper as a Bank Investment."

Fourth National Bank, N. Y., "The New Aldrich Currency System, Original and Revised Plan Arranged in Parallel Columns, with Explanation."

Forgan, J. B., "Clearing House Examinations by Clearing House Examiners."

National Monetary Commission—Suggested plan for monetary legislation, January 16, 1911. Suggested plan for monetary legislation as revised by the Currency Commission of the A. B. A., April 23, 1911.

Reynolds, Arthur, "The Aldrich Plan," "Some Aids to the Solution of Our Financial Problems," "The Unsettled Currency Problem."

Reynolds, George M., "The Aldrich Currency Plan Interpreted."

## VALUABLE INFORMATION.

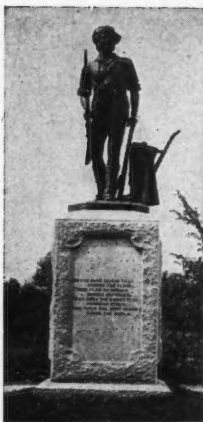
**W**HEN the Committee on Constitutional Revision was appointed at the Detroit Convention, it was disclosed in the Association offices that there never had been, in all its history, a compilation of the Constitution and By-Laws and Amendments, from 1875 to the present time.

The General Secretary having available help competent to do this work, the proceedings of the Association and the Executive Council since 1875 were gone over carefully, and all action on the Constitution and By-Laws during that period was type-written and placed in a record-book for permanent preservation, and as changes occur in the Constitution hereafter this record will be kept up to date.

When this voluminous work was done, all resolutions passed by the Association and the Council during the same period were copied into another record-book for preservation.

Both of these books are carefully indexed and will be valuable for research work.

## PLAN YOUR CONVENTION TRIP NOW.



LEXINGTON

**C**HAIRMAN Charles P. Blinn, Jr., of the Committee on Hotel Arrangements for the Boston Convention reports that the average number of reservations for hotel accommodations received each week now is about 40. Furthermore, he learns that a great many who have already made up their minds to attend the convention have not yet notified the committee. This means that all accommodations at the leading hotels in Copley Square or close by will soon be taken, and it also guarantees what the Boston hosts want to see—the largest convention the American Bankers Association has ever held.

Once more we wish to remind our readers of the advisability of speaking immediately for such rooms as they may wish to secure. Mr.

Blinn's address is the National Union Bank, Boston. And while the arrangements for convention week are being made, it could be arranged to plan for a week or two more in Boston or in some of the other attractive vacation spots of New England either before or after the convention.

Boston itself is in the very heart of the most interesting historical section of the United States. One can hardly step but upon ground about which cluster associations and memories of the early epoch-making days of the nation.

For reaching the points of interest there is a veritable network of transportation lines. In Boston proper the Boston Elevated Railway Company has 450 miles of track—elevated, surface and underground. To the north and south stretch away the lines of the Boston & Northern and Old Colony Street Railway Company, extending from Nashua, N. H., to Newport, R. I., with 910 miles of track. To the west are the rails of the Boston & Worcester, the Middlesex & Boston, and others.

In all directions run the tracks of the New York, New Haven & Hartford, the Boston & Maine, and the Boston & Albany railroads. These, with the various

lines of boats that ply to and fro, present superb facilities for reaching any of the points of interest in the city and nearby.

Boston has in the Charles River Basin an unrivalled mid-city water park. Nothing of this character elsewhere approaches it in size and possibilities of development. It has a shore line of almost 18 miles, nearly all of which is dedicated to public use and it ministers to the health and pleasure of hundreds of thousands who live in the most densely populated parts of the city. The basin maintains a constant water level over an area of 800 acres. The cost of construction was about \$4,000,000. In the center of the accompanying picture is the West Boston bridge. Cambridge is on the farther bank of the river.

Few visitors to Boston wish to go away without having visited the historic and literary shrines of Lexington and Concord. Both may be readily reached by trolley. Then there are the trips to Plymouth and to Provincetown.

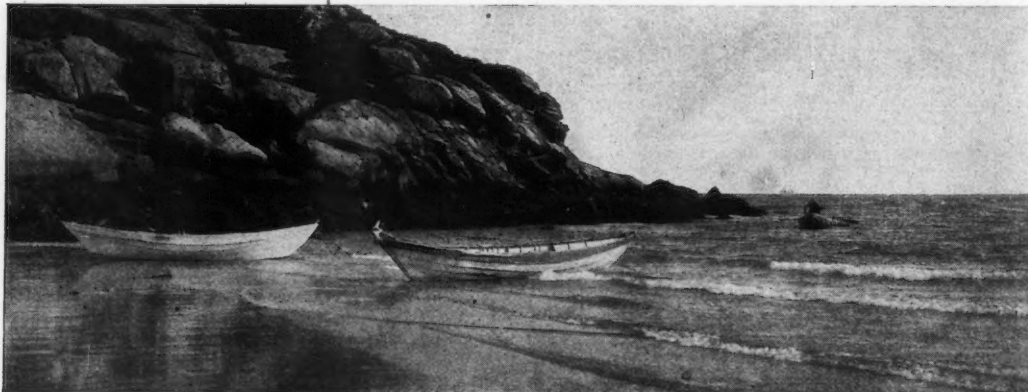
Boats run to Bass Point, a popular summer resort, to Nahant, the home of Senator Lodge, and to Gloucester, the famous fishing center at the gateway of the Cape Ann district, whose beauty attracts the artists of the world. The return to Boston may be made by boat, trolley or train. Along this shore are the great shoe manufacturing city of Lynn, historic Salem, and quaint old Marblehead.

Entertainment features will be so numerous in convention week that little time will be left for special excursions. Everybody ought to visit awhile before the convention or afterwards. Especially is this true regarding those who come long distances and have only infrequent opportunities for coming to Boston and who may be bringing with them children to whom a stay in this section will be an event always treasured in memory.

Think what it means to a boy who is studying history to be able to see in a week's visit Faneuil Hall,



PROVINCETOWN



A BIT OF CAPE COD SHORE





A GREAT MID-CITY WATER PARK

the Old North Church, Paul Revere's house, Bunker Hill Monument, the Old South Meeting House, the Old State House, King's Chapel, dating from 1754, the Granary burying ground, dating from 1660, in which lie the remains of Samuel Adams, James Otis, John Hancock, Paul Revere, Peter Faneull and the parents of Benjamin Franklin; the Boston Common and the Frog Pond, the site of the Boston Massacre, the battle grounds of Concord and Lexington, and the place where the Boston tea party was held!

What native-born American would not enjoy a pilgrimage to Plymouth Rock, to Marblehead, or to Salem? Salem alone is worth a day's visit; and so is Plymouth.

There is no better time to visit Boston than in September and October. This rule applies also to places nearby. At that time the leaves begin to turn; and the White Mountains of New Hampshire are at their best. They have first call in the mind of most New England vacationists at this season. The heart of the White Mountain region is only a few hours' ride from Boston and the season lasts well into the middle of October.

Next to the delights of the mountains come the seashore attractions of Cape Cod, Martha's Vineyard and Nantucket, and the fishing and hunting in Maine.

Nearly every hotel on the Cape will remain open well into October and more and more are the New England people planning their vacations for this month. The Gulf stream keeps the water warm on the sandy beaches, and the country, with its ideal roads for motorists, is rich in picturesque scenery, the beauty of which the autumn colorings enhance.

Not only is there the best of motoring in this region, but yachting, golf and tennis, and the famous Cape Cod oyster, clam and lobster dinners are great attractions for visitors from the South, the West and the interior of the country.

If you wish to go to Maine for the fishing, plan your vacation to end with the convention; if for the deer hunting, plan to go into the woods as soon as the convention is over. A comfortable ride of a night in a Pullman and half a day by narrow gauge and stage line will land you in a sportsman's camp where partridges and deer abound.

New England offers to convention visitors a recreation ground that is not surpassed. Some of the finest golf links in the country are located in the White Mountains amid the most magnificent scenery east of the Rockies. It is hard to imagine how any visitor can be disappointed if he plans his vacation in this region at the time of the great convention.



THE SURF AT MARBLEHEAD

## REGISTRATION AT OFFICES.

THE following visitors registered at the Association offices during the month of April:

- Barlow, C. C., Vice-President and Cashier The Yale National Bank, New Haven, Conn.  
 Barrett, Alfred M., President Guardian Trust Co., New York City.  
 Beal, Thomas P., President Second National Bank, Boston, Mass.  
 Bevier, O. J., Briarcliff Lodge Publicity, Briarcliff Manor, N. Y.  
 Bockus, Charles E., Assistant Secretary Old Colony Trust Co., Boston, Mass.  
 Brewer, Calvert, Vice-President U. S. Mortgage and Trust Co., New York City.  
 Burns, Raymond J., W. J. Burns Nat'l Detective Agency, Chicago, Ill.  
 Burns, William J., W. J. Burns Nat'l Detective Agency, New York City.  
 Campbell, S. S., Vice-President Fourth Nat'l Bank, New York City.  
 Cardozo, Wm. B., Vice-President Farmers' Loan and Trust Co., New York City.  
 Cary, R. P., Counsel Williamson Bank and Trust Co., Memphis, Tenn.  
 Clarkson, E. B., Jackson, Mich.  
 Close, F. N. B., Vice-President Bankers' Trust Co., New York City.  
 Conover, Samuel S., President Fidelity Trust Co., New York City.  
 Covington, Leake S., President North Carolina Bankers' Association, Rockingham, N. C.  
 Cox, Wm. C., Vice-President Guaranty Trust Co., New York City.  
 Criswell, Edgar G., Chamber of Commerce of United States, New York City.  
 Cutler, Ralph W., President Hartford Trust Co., Hartford, Conn.  
 Davis, Frank W., New York City.  
 Day, Wilson M., New York City.  
 Downer, J. H., Huntington, N. Y.  
 Elliott, Frederick H., Scarsdale, N. Y.  
 Eldridge, F. L., Empire Trust Co., New York City.  
 Farnham, Wm. B., Assistant Cashier Lincoln National Bank, Rochester, N. Y.  
 Farnsworth, F. C., New York City.  
 Farnsworth, William S., New Haven, Conn.  
 Fisher, Frederick F., Assistant Cashier Connecticut River Banking Co., Hartford, Conn.  
 Flak, P. A., Finger Print Expert, The Flak Finger Print System Co., Ltd., New York City.  
 Geller, Frederick, Counsel Farmers' Loan and Trust Co., New York City.  
 Giebel, Edward M., Greenwich, Conn.  
 Goodwin, Wm. P., Treasurer Peoples' Savings Bank, Providence, R. I.  
 Griswold, W. E. S., Counsel Equitable Trust Co., New York City.  
 Hale, Albert, Pan-American Union, Washington, D. C.  
 Hardy, N. V., Finger Print Expert, The Flak Finger Print System Co., Ltd., New York City.  
 Harvey, Wm. P., Chief Examiner The Fidelity and Casualty Co., New York City.  
 Hawes, R. S., Vice-President Third National Bank, St. Louis, Mo.  
 Henry, John J., Agent in Charge U. S. Secret Service New York District, New York City.  
 Howe, Edward L., Vice-President Princeton Bank, Princeton, N. J.  
 Humphrey, Henry B., Publicity Agent A. B. A. Boston Convention, Boston, Mass.  
 Imhoff, C. H., Vice-President Irving National Bank, New York City.  
 Jones, Gordon, President U. S. National Bank, Denver, Colo.  
 Jones, Gordon, Jr., Denver, Colo.  
 Kent, Fred L., Vice-President Bankers' Trust Company, New York City.  
 Kimmelburg, E. W., New York City.  
 King, Willard V., President Columbia-Knickerbocker Trust Co., New York City.  
 Kuha, Arvi, Mag. Phil., Helsingfors, Finland.  
 Martin, Wm. McC., Assistant Trust Officer Mississippi Valley Trust Co., St. Louis, Mo.  
 Moran, W. H., Assistant Chief Secret Service Division, Washington, D. C.  
 Neilson, Jason A., Manager Foreign Exchange Brown Brothers and Company, New York City.  
 Parker, Henry G., President Nat'l Bank of New Jersey, New Brunswick, N. J.  
 Poillon, Wm. C., Vice-President Bankers' Trust Co., New York City.  
 Pratt, James M., New York City.  
 Rawlings, C. C., Vice-President Union Trust Co., New York City.  
 Reynolds, James J., Principal Public School 122, Brooklyn, N. Y.  
 Rhoades, Lyman, Vice-President Equitable Trust Co., New York City.  
 Rhodes, Bradford, President First National Bank, Mamaroneck, N. Y.  
 Rovinsky, J. E., Assistant Cashier First National Bank, Pittsburg, Pa.  
 Simonson, W. A., Vice-President National City Bank, New York City.  
 Smith, H. A., Vice-President National Bank of Commerce, New York City.  
 Stallknecht, Thorwald, Vice-President Lawyers' Title Insurance and Trust Co., New York City.  
 Stanley, E., Vice-President Title Guarantee and Trust Co., New York City.  
 Steinbrecher, A. H., Detroit, Mich.  
 Stubber, J. Edward, M.D., New York City.  
 Teter, Lucius, President Chicago Savings Bank and Trust Co., Chicago, Ill.  
 Townsend, Edward, President Importers' and Traders' National Bank, New York, N. Y.  
 Van Kleeck, C. M., Secretary Fulton Trust Co., New York City.  
 Walker, Roberts, Counsel Bankers' Trust Co., New York City.  
 Weekes, Francis, Secretary Nassau Trust Co., Brooklyn, N. Y.  
 Williams, John, Treasurer Broadway Trust Co., New York City.  
 Woodward, K. H., Assistant Cashier Colorado Nat'l Bank, Denver, Colo.  
 Wyckoff, Barkley, Cashier Astor Trust Co., New York City.

## RESERVE CITY BANKERS' ASSOCIATION.

THIS Association held its first annual convention at the Planters' Hotel, St. Louis, April 19th, at which there was a large and representative gathering from the reserve cities of the country.

The reports of the officers were submitted and unanimously approved, and addresses made by prominent bankers. Recommendations were presented for the consideration of Clearing House arrangements in reserve city banks for the handling of country items.

A majority of the delegates arrived in the city the day preceding the convention and were royally entertained by the local bankers at the country club in the afternoon and at the St. Louis Club in the evening, while others attended the opera. Following the convention the next day, a banquet was given at the Planters' Hotel. The bankers of St. Louis presented the Association with a silver-mounted gavel made of snakeroot wood.

Cincinnati was selected as the place for holding the next annual convention.

Richard S. Hawes, Vice-President of the Third National Bank, St. Louis, Mo., was elected President and L. S. Kiesewetter, President of the Ohio National Bank, Columbus, Ohio, Vice-President.

# CAUTIONS RELATIVE TO THE HANDLING OF CHECKS.

A LETTER from a member of the Association in the Northwest has been received concerning the DRAWING of checks, ENDORSING of same and the CHECKING OF BANK BALANCES, as follows:

"As you will notice by the enclosed pass-book we have had printed on the back the suggestions of the Wm. J. Burns Detective Agency concerning the handling of checks, and also some additional ones of our own.

"If it is the desire to educate the depositors, and that is undoubtedly the object sought, it might not be amiss to mention in a circular a suggestion that these cautions be printed on the pass-books. The cost would be very slight, and it would be only a short time until all bank patrons would be familiar with the same."

If members of the Association would have printed on the inside of the front cover, or on the outside of the back of the pass-books issued to depositors a few words of WARNING, as mentioned below, it would tend to decrease the crimes of bogus and forged check operators to a considerable extent.

The following wording might be used:

# CAUTIONS RELATIVE TO THE HANDLING OF CHECKS.

## Writing and Issuing Checks.

Use care in writing amounts no matter to whom check is issued. Check manipulators never have trouble in securing genuine checks signed by responsible business men. Spaces should never be left before, after or between amounts. Begin writing the amount at the extreme left hand side of check, and never erase or alter the wording once it is written—better to destroy every spoiled check and write a new one. As an additional protection, the use of a reliable check protector is desirable.

## Blank Checks.

All unused checks should be kept under lock and key. Printers should be forbidden to keep samples of checks unless the same have been so mutilated that they cannot be used. The bank is responsible in certain cases if a forged check is paid, but forgery must be proved, and this might be difficult if done on your own check form.

## Endorsing Checks.

Before sending checks for deposit, endorse them payable to the bank, and do this at the time checks are received by you whenever possible.

## Checking Bank Balance.

Balance should be carefully checked as soon as the pass-book and cancelled checks are returned to you. Failure to do so promptly may extinguish your right to recover from the bank on a forgery. A larger number of criminals would be apprehended if prompt notice was given of a forgery.

## A. B. A. MORTUARY RECORD REPORTED DURING APRIL.

Bernstein, Julius—Vice-President American National Bank, Shreveport, La.  
Brown, R. P.—Cashier Barnes' State Bank, Barnes, Kansas.  
Clune, John H.—Vice-President Cheboygan County Savings Bank, Cheboygan, Mich.  
Dair, Charles E.—President First National Bank, Harrison, Ohio.  
Feltman, Henry—President Citizens' National Bank, Covington, Ky.  
Godair, A. G.—President First National Bank, Roswell, New Mexico.  
Hancock, Benjamin—President Cumberland Trust Company, Bridgeton, N. J.  
Handley, J. S.—Vice-President Putnam County Bank, Hurricane, W. Va.  
Hinman, Charles D.—Secretary-Treasurer Columbus Savings Bank, Columbus, Ohio.  
Loving, Hector V.—President Louisville Trust Company, Louisville, Ky.  
McLean, David E.—President Pearl Street Savings & Trust Company, Cleveland, Ohio.  
Mailler, Isaac P.—Assistant Secretary Bowery Savings Bank, New York City.  
Monson, Frederick—Director First National Bank, Colusa, Calif.  
Morris, J. W.—Director First National Bank, Woodsfield, Ohio.  
Orme, Joseph T.—Vice-President Lowry National Bank, Atlanta, Ga.  
Palmer, Edward H.—President Mechanics' Savings Bank, Reading, Mass.  
Parker, George W.—President Oil City National Bank, Oil City, Pa.  
Porteous, James S.—Director Commercial National Bank, Minneapolis, Minn.  
Raphael, Emanuel—Manager Clearing House Association of Houston, Houston, Texas.  
Ritchey, J. M.—President Bank of Neosho, Neosho, Mo.  
Schmidt, August, Jr.—President Third National Exchange Bank, Sandusky, Ohio.  
Smith, George H.—Director Grange National Bank of McKean County, Smethport, Pa.  
Stone, H. W.—President Swift County Bank, Benson, Minn.  
Weeks, John Townsend—Cashier Union Square Savings Bank, New York City.  
West, John, Jr.—Assistant Cashier American National Bank, Muskogee, Okla.  
Wibaux, Pierre—President The State National Bank, Miles City, Mont.





# TRUST COMPANY SECTION



**A**N important matter that came before the meeting of the Executive Committee of the Trust Company Section on Monday, May 5th, at Briarcliff, will be the progress of the Educational Publicity Campaign, which was undertaken in the fall of 1912 at the suggestion of various Trust Company men who have attended the Conventions of the Section, and who felt the necessity of having the peculiar merits of the Trust Company brought prominently before the public.

We can feel very much gratified at the result up to this time, for in consequence of the efforts of the Executive Officers, ably seconded by alert Trust Company Officials all over the country, publications of the articles prepared in the campaign have been made in fifty-two different newspapers, and in some instances the entire series of nineteen articles have been published.

In continuance of the campaign we insert herewith Article No. 20, which has been prepared by a bright Trust Company Official—which we can commend to the Trust Company men in practically every city in the country for publication in their newspapers. Should necessity exist for adapting it to any special case, the Trust Company member of the Section is at liberty to make any slight revision, but the article is good in every way as it stands, and is indorsed by the Officers of the Section.

## ARTICLE NO. 20.

### THE TRUST COMPANY AND ITS ACTIVITIES.

How it Serves Men and Women, and Firms and Corporations, in a Variety of Ways—Growth of Title Insurance and the Administration of Estates.

By Uzal H. Mcarter, Member Executive Committee, Trust Company Section.

That the well-established, conscientiously managed and fully equipped Trust Company is the most perfect instrument that has yet been devised for handling fiduciary matters in all their varied and complicated forms is a fact that no thinking man or woman will dispute. It is a fact that all who run may read.

Take, for the purpose of illustration, some large institution of this kind among the "up-to-date" Trust Companies of the country and consider its wide scope. It conducts banking, savings, title, bond, trust, mortgage and safe deposit departments. It pays interest on check and savings accounts. It buys and sells stocks and bonds. It loans money on collateral and on bond and mortgage. It sells investment mortgages. It acts as guardian of minors. It makes real estate searches and it guarantees real estate titles. It takes full charge of real estate and personal property. It acts as receiver, serves as administrator and executor of estates, and fills all the varied duties of a trustee. It acts as transfer agent and as registrar of the stocks and bonds of corporations. It gives free investment and general financial advice to beneficiaries under wills in which it is named as executor, and it performs a multiplicity of other duties.

With all its departments under one roof and under one general management, it is to its patrons and to the public in general what might be called the department store of finance. To obtain its share of this great and diversified business the Trust Company must have directors who are well known—directors who have the unhesitating confidence of the

public; to discharge its duties properly and profitably it must have officers who know their business in all its branches and in all its manifold intricacies; it must have experts in each department—men carefully trained in the particular duties assigned to them—and it must have ample and, in fact, great resources.

Unlike the individual, it must always be in a position to solve and handle not one financial problem of a given kind, but many perplexing ones of a complicated character. It must be in a position to assist the weak and to defy the mighty. It must be ready at all times and under all circumstances to act not only with courageous alacrity, but with sound discretion and rare wisdom.

That is all essential because millions of dollars of other people's money are confidently and confidentially intrusted to its care. Its responsibility is correspondingly enormous. It dare not be negligent. It must always be vigilant. It must be broad in policy, liberal in action and unbendingly upright in duty. To insure all this it has its large force of employees, its trained department heads, its expert officers and its experienced and alert directors.

The perfect parts of this business machinery work independently and yet cohesively. They give to the Trust Company and to its patrons, in any or all of its departments, not the mere opinion of an inexperienced individual, whose personal interests are elsewhere, but the combined and conscientious judgment of experts in whose minds each particular case becomes, for the time being, the sole concern of the institution. In that there is to be found a striking exemplification of the truism that "in union there is strength."

That strength not only aids, but protects, those who do business with the Trust Company. Their protection does not end there, however. In addition to this combined, well-seasoned judgment there is the protective work of the auditing committee of the well-organized company. That, in turn, is backed up by the audit of outside expert accountants, who are employed from time to time, and over all is the unhampered and unrestrainable expert examination that is made officially at frequent and irregular intervals by the lynx-eyed independent examiners of the State Department of Banking. Under this varied and rigid inside and outside supervision the Trust Company must, of necessity, move along lines of honor and accuracy.

So well established has that fact become and so marked is the confidence of the public in the great institutions of this kind that their business is growing enormously, not only to their satisfaction, but to the financial well-being and the peace of mind of those who patronize them. In no part of the Trust Company's field of endeavor is this growth more clearly demonstrated than in its title and trust departments.

Until within comparatively recent years real estate title insurance, where it was known, was looked upon as something that might properly be classified as a luxury, if not a fad. Time, however, has uncovered so many deplorable cases in which the lack of this form of insurance meant financial loss, if not financial ruin, that title guarantees are now regarded by both buyers and sellers, of real estate as absolute necessities.

Individuals and not a few corporations are no longer content with mere searches or title abstracts. They have discovered, sometimes to their sorrow, that abstracts are simply histories of titles; that searches

are not much more, and that neither one nor the other gives real estate owners financial protection in case of invalidating flaws. They have learned that these flaws spring from a great variety of hidden and unsuspected causes, and they have come to realize that protection against them is as essential as life or fire insurance. In seeking this title insurance they are going, for obvious reasons, to the institutions that by reason of their reputation and experience, their equipment and their large resources, are able to not only handle this business promptly, but to pay inevitable losses, however large, without delay or quibble.

Actuated by much the same line of sound reasoning, men and women in all walks of life are going to the Trust Company with their fiduciary business. That business embraces every conceivable form of trust, not the least of which are the exacting duties of the executor of estates.

In that field the growth of the Trust Company has been pronounced. To understand the reason for this is not difficult. Take again the case of the up-to-date Trust Company. It is well known that such an institution makes a specialty of administering estates. The experts whom it has assigned to this important work are trained specialists. They have done practically nothing else for years. They have no other duties to perform. They have no other business calls upon their intellect or their time. To their work they can give, and do give, and must give, their undivided attention and judgment. What they do, moreover, is subjected to an elaborate, but smooth-working system of checking. All that they do is examined and passed upon by one or more of the company's officers and by its executive committee. Much of it is submitted to the combined judgment of the institution's directors, and all of it is backed up by the company's resources and by its reputation, which it guards with jealous and unrelaxing care.

Under these conditions it is not remarkable that a steadily increasing number of men and women are naming the Trust Company as the executor of their estates. With them it is a simple matter of choosing between corporate experience and responsibility and individual inexperience and unreliability. Between the two, with little, if any, difference in the cost, testators are no longer hesitating. They understand the immense advantages in the care of estates that the Trust Company has over the individual, experienced or inexperienced.

It is big; it is fearless; it never forgets; it is never "out"; it takes no vacation; it can never "disappear"; it has had wide and varied experience; it cannot be moved by pleas; it cannot be frightened by threats; it is a perpetual institution; it will outlive the longest trusts; it is paid in each case only what the courts allow; it gives valuable advice to beneficiaries; it is always in a position promptly to make sound investments; it conscientiously carries out the wishes of testators; it is never "too busy" to attend to the duties of its trusts; it has specialists for every duty; it treats all matters in its care as sacred and confidential; it protects beneficiaries from begging friends and relatives; it has no friends to reward and no enemies to punish; it makes prompt and complete reports to the county courts; it serves its own interests best when it best serves its clients; it is never obliged to say "I didn't think"; it has distinguished, reputable, well-known counsel, officers and directors, and behind all that it does is always the potential factor of its great capital, surplus and undivided profits.

THE Spring Meeting of the Executive Committee of the Section held at Briarcliff Lodge on May 5th was very largely attended by the members of the Committee, who evinced much enthusiasm in the work of the Section and displayed keen interest in all the matters brought before them for their attention. The Model Trust Company Law, prepared by General Counsel Paton, received careful attention, and by resolution copies were handed to those present with the understanding that after study and consideration each member would report to the Section's Committee on Legislation within sixty days

any suggestions, recommendations or additions which might seem desirable. The resolution further provides that, after the Committee on Legislation has given due attention to these several reports, the proposed law be submitted to the Section at its convention in October next at Boston.

Reports were also made regarding the onerous duties and liabilities imposed upon Trust Companies as financial agents for railroad companies and other corporations by the Income Tax features of the proposed new Tariff Law now being considered by the Congress of the United States.

Mr. Alexander J. Hemphill, President Guaranty Trust Company of New York, a member of the Executive Committee of the Section and Chairman of a committee appointed by the Trust Companies of New York City to consider the Income Tax features of the bill, reported upon the work of his Committee and on motion, duly seconded and unanimously carried, a sub-committee was appointed, consisting of Mr. A. A. Jackson, Vice-President Girard Trust Company, Philadelphia; Chairman, Mr. John H. Mason, Vice-President Commercial Trust Company, Philadelphia, and Mr. Isaac H. Orr, Trust Officer St. Louis Union Trust Company, St. Louis, Mo., to prepare a letter to be sent to all members of the Section pointing out some of the duties and responsibilities imposed upon them should the bill become a law. This letter has already been forwarded to all members of the Section and is as follows:

May 8, 1913.

Dear Sirs:

At the stated meeting of the Executive Committee of the Trust Company Section, held at Briarcliff Manor, New York, May 5, 1913, the undersigned were appointed a Committee to call to the attention of the membership of the Section at large the need for immediate action if there is to be accomplished any modification in the text of the Tariff Bill prescribing methods to be employed in collection of the proposed Income Tax.

Pursuant to such appointment, this Committee is sending to each member of the Trust Company Section this letter, not as a criticism of the principle of an Income Tax, but to bring to the attention of Trust Companies upon whom as corporate disburers of income as Trustee, Agent, or in other capacities, will fall the burden of collecting for the Government the tax that the new Tariff Bill imposes, if when passed it shall direct the collection of the tax at the source instead of at the hands of the recipient of income whom it is intended to tax.

The New York Chamber of Commerce within a few days has had from its Committee on Finance and Currency a Report upon the Income Tax provision of the Bill, and with its permission a reprint of this Report is enclosed herewith, as in the opinion of the undersigned it sets forth admirably a few of the unfortunate effects that necessarily will follow an attempt to put in practice the methods seemingly obligatory under the Bill as worded.

The attempt to collect the tax at its source instead of fixing the assessment of that tax at the source and letting it be paid subsequently by the tax payer himself after the ascertainment of the proper amount, will lead to possible duplication of taxation; to the retention of the tax perhaps by irresponsible parties as in the case of tenants paying rent to landlords; to the disclosure of the entire personal affairs of individuals to those who could not for any other reason justly obtain the information; to the possibility of a taxed individual having to make and file a large number of Returns, and to many other complications. These in the course of time might be solved in more or less degree by rulings of the Treasury Department and decisions of the Courts, but the vital fact remains—that in acting for the Government as a collector of taxes at the source of the income, the corporate disburser of income upon whom this duty of Agent may fall will find itself so burdened that the expense of the machinery for discharging the work will be of serious moment.

The time is approaching so rapidly when there may be expected the passage of the Tariff Bill that it is hoped that this letter of the undersigned Committee, written without delay after its appointment,

may suggest to the Membership the advisability that individual Trust Companies shall communicate at once with the Representatives, and particularly the Senators from their States, in an endeavor to have clarified so far as is possible those parts of the Bill now under consideration as would seem to threaten difficulties and undue expense in administration.

A. A. Jackson, John H. Mason, Isaac H. Orr,  
Committee.

Approved:

William C. Poillon, President,  
F. H. Goff, First Vice-President,  
Ralph W. Cutler, Chairman, Executive Committee.

#### CHAMBER OF COMMERCE of the State of New York.

Dear Sir:

At the 145th Annual Meeting of the Chamber of Commerce of the State of New York, held May 1, 1913, the following report, presented by the Committee on Finance and Currency, was unanimously adopted:

To the Chamber of Commerce:

At its meeting of April 10th, the Chamber passed the following resolution:

Resolved. That the Committee on Finance and Currency be instructed to examine the income tax provision of the new Tariff Bill, which has been introduced into Congress, and report to the next meeting of the Chamber, not as regards the question of the advisability of the tax or the proposed rate of tax, but with special reference to the method of collecting the tax and other administrative features, and also with special reference to the proposed exemption of incomes under \$4,000 a year.

In compliance with the terms of this resolution your committee respectfully reports:

In establishing the method by which the income tax shall be collected, the Tariff Bill adopts the system of deduction of income at its source. In other words, it makes every corporation or firm or individual having the control, disposal or payment of the annual gains, profits and income of others, a collector of revenue for the United States Government. The object of this is plain. It is to relieve the government of much of the burden of collecting the tax from individuals.

The scheme of deduction of tax at source of revenue is an importation from abroad. But in actual application in this country, under the terms of this bill, it would make the collection of the tax a more serious burden upon business corporations than is the imposition of the tax itself; although it should be the aim of the government to make the collection of the revenue necessary for its maintenance as easy as possible to the citizens paying it.

The framers of this bill in importing from England the scheme of deduction at its source have failed to take into account the difference in the extent of the two countries, and in their methods and scope of business. They have failed to take due account of the methods by which collections of income have heretofore been made here, of the manner in which coupons on American bonds held abroad are collected and their use for purposes of remittance and exchange; of the fact that many coupons in this country are guaranteed tax free; and of the wide diversification of investments by even the class of small investors. In England the tax exemption is so low that there are practically no holders of securities among persons thus exempted, and it does not complicate the deduction at source to the extent inevitable in this country under this bill.

That part of the Tariff Bill relating to the income tax comprises thirty printed pages, and gives evidence in many part of crudity and obscurity, in the interpretation and application of which the services of multitudes of lawyers will be required and thus increase the expense and irritation of the collection. Without entering into a discussion of technical details, your committee desires to refer in general terms to a few of the hardships which will be entailed by

the collection of the tax mainly through deduction at the source of income.

The bill in effect levies three taxes:

(a) A one per cent. tax on the entire net income in excess of \$4,000 of every citizen at home and abroad and every foreigner residing in the United States, this tax being termed "the normal income tax."

(b) A so-called "additional tax" of one per cent. upon incomes exceeding \$20,000; of two per cent. upon incomes exceeding \$50,000, and of three per cent. upon incomes exceeding \$100,000.

(c) A tax (equal to the normal tax on individuals) on the entire net income of corporations.

Every person having a net income of \$3,500 is obliged to file with the Collector of Internal Revenue under oath a true return of his income and the sources from which it is obtained. If, in addition to the information thus obtained, every corporation or firm, or individual, were obliged simply to make a statement to the government of its disbursements of interest, salaries and rents with the names and addresses of the persons to whom these payments were made, the government would be in possession of information which would, in most cases, be sufficient for its collectors of revenue to verify the statements made by individuals, the loss of revenue through evasion would be comparatively slight, and at the same time the burden imposed upon firms and corporations and individuals would be much less than is now proposed.

But this bill provides for the deduction of the tax by the corporations and firms and individuals paying interest, salaries, etc., and the tax thus deducted at the source is paid by these parties to the collectors, while the burden of securing the benefit of the \$4,000 exemption is thrown upon the individuals who are compelled to file with the person required to withhold and pay the tax for them, affidavits claiming the benefit of such exemption.

This system of deduction at source is bound to cause confusion, delay and disputes as well as disclosures of personal income to persons other than government officials. A heavy burden will be placed upon every corporation making the deduction from its interest payments, if for purposes of identification every interest payment must be separately earmarked. An enormous number of applications will be necessary on the part of persons who are wholly exempted from the tax, in order to prevent deductions by the corporations. The expense and annoyance and incidental injustice will necessarily be great.

Interest coupons are to a very great extent collected through banks at the place of payment, and these banks receive these coupons for collection from other banks or bankers, more often than from coupon holders directly. If every coupon collected has to be separately marked from the time it starts on this journey, in many cases to be accompanied by affidavits to secure exemption, some idea of the magnitude of the operation is obtained. Moreover, it seems impossible to determine, from reading the bill, whether every intermediary through whose hands the coupon passes is obliged to deduct the tax thereon.

In case of the tax levied on individuals, a return is made on behalf of the persons from whose income the deduction has been made, but in all cases of deduction at the source the person taxed is not allowed to receive the benefit of the \$4,000 exemption, unless he files with the person making the deduction, an affidavit claiming the deduction. It seems almost inevitable that in many cases the deduction will not, under these conditions, be claimed and thus by the method of collection an injustice will be done. Nor will the taxpayer be allowed the benefit of any deduction permitted by the Act in computing net revenue unless he files with the person, firm or corporation, making the deduction, a true and correct statement of his entire income from all other sources.

The complications arising in the case of bonds, the interest upon which is guaranteed to be free from taxation, are very great, and might lead to serious difficulties. Other provisions of the bill are also objectionable, and call for criticism in any exhaustive analysis of it, but the few examples we have given are sufficient to show the hardships which would re-



sult from the collection of the tax under the proposed system.

Some of the uncertainties and burdens involved in the Act may, and undoubtedly will, be removed by the Treasury regulations established for its administration; others, however, would necessarily remain. But why inflict upon the people this cumbersome system of deduction at the source when a simpler method of collection could be enacted with returns to the government in every respect as satisfactory?

The Chamber instructed your committee not to consider or report upon the advisability of taxation upon incomes, and therefore it has confined its report to questions of collection and administration. The resolution under which the committee has conducted its inquiry does, indeed, refer to the proposed exemption of incomes under \$4,000; but in the opinion of the committee the question of the amount of the exemption is so vitally connected with the question of the advisability of the tax, that one cannot be considered separately from the other; and therefore it makes no recommendation on that point.

It is the high, the patriotic, duty of every citizen to do his part in maintaining the government under which he lives, but he should be relieved from exactions that are not essential. Whatever may be the differences as to the kind of tax that had best be levied for the support of government, one thing is clear, that the collection of the tax should be conducted in as equitable a way as possible, free from unnecessary burdens upon business and too exacting requirements from individuals. Nothing serves to make a tax unpopular so much as harshness in its system of collection, with needless provisions making its administration odious to individuals and harmful to the transaction of our business at home and abroad.

Your committee, therefore, presents the following resolutions and moves their adoption:

Resolved, That the Chamber of Commerce of the State of New York adopts the foregoing report in regard to the administrative features of the income tax provisions of the pending Tariff Bill; and that it urges the Congress to strike out of the bill the clauses providing for deduction at the source, and to substitute therefor provisions for the collection of the tax directly from individuals, with heavy penalties for evasion, making it obligatory upon corporations, firms and individuals paying interest, rents and salaries to file with the government properly attested statements showing the amounts thus paid, and to whom paid; and be it further

Resolved, That in the opinion of the Chamber, corporations, in paying the normal tax, should be permitted to deduct interest paid on their total amount of debt, the individual taxpayer including

in his return the amount of income he has received from that source; and be it further

Resolved, That copies of this report and accompanying resolutions be transmitted to the President of the United States, the members of the Ways and Means Committee of the House and of the Finance Committee of the Senate; and also to the Senators and Representatives from the State of New York.

Frank A. Vanderlip, Alexander J. Hemphill,  
George B. Cortelyou, Mortimer L. Schiff,  
Joseph French Johnson,  
Committee on Finance and Currency.

Attest:

SERENO S. PRATT,  
Secretary.

JOHN CLAFLIN,  
President.

New York, May 2, 1913.

THE Third Annual Banquet of the Trust Companies of the United States, members of the Trust Company Section of the American Bankers Association, was held in the Grand Ball Room of the Waldorf-Astoria, New York City, on Thursday night, May 8th. Over six hundred Trust Company officials, bankers and representative men from almost every section of the country were present, and in the opinion of those in attendance and from the accounts in the daily and financial press the dinner takes rank with the two preceding ones as one of the most notable banking dinners given during the year in New York City. The addresses of Colonel George Harvey, editor of the "North American Review"; Mr. Festus J. Wade, President of the Mercantile Trust Company, St. Louis, Mo., and of Mr. Patrick Francis Murphy were received with keen attention and approval, and the applause was frequent for the telling points made by the speakers.

Mr. William C. Poillon, Vice-President of the Bankers' Trust Company of this city and President of the Section, presided, assisted by Mr. F. H. Goff, President Cleveland Trust Company, Cleveland, Ohio, First Vice-President of the Section, and Mr. Ralph W. Cutler, President Hartford Trust Company, Hartford, Conn., and Chairman of the Executive Committee of the Section. Others at the guests' table were: Mr. George F. Baker, Rev. Cyrus Townsend Brady, D.D., Mr. Lawrence L. Gillespie, Mr. George Harvey, Mr. Francis L. Hine, Mr. Wm. Livingstone, Mr. Patrick Francis Murphy, Mr. William A. Nash, Hon. Cornelius A. Pugsley, Mr. Arthur Reynolds, Mr. Mortimer L. Schiff, Mr. James Speyer, Hon. George C. Van Tuyl, Jr., Mr. Frank A. Vanderlip, Mr. Festus J. Wade, Mr. F. O. Watts, Hon. Charles S. Whitman, Hon. Clark Williams.

#### INVESTMENT BANKERS' BULLETIN.

THE first number of the "I.B.A. Bulletin" was published by the Investment Bankers' Association under date of April 26, 1913, and has been distributed by Secretary F. R. Fenton to its membership. The publication is in pamphlet form; contains seventy-five pages, and the captions set in display type. The bulletin consists chiefly of a comprehensive survey of so-called "blue-sky" legislation to regulate the purchase and sale of securities.

In a recapitulation of the status of "blue-sky" legislation in the thirty-seven legislatures that have convened this year, the Association's bulletin cites twelve states which have already passed laws.

The bulletin prints a copy of the message of Governor S. M. Ralston, of Indiana, who vetoed a "blue-sky" bill of the Kansas variety on the grounds of unconstitutionality, appointing a commission to give deliberate study to the subject.

The bulletin just issued confines itself not only to the subject of "blue-sky" legislation, but sets before its members important facts relating to the proposed income tax law.

President George B. Caldwell, of the Investment Bankers' Association, announces that the legislative

and other matters in which the Association is interested, will be considered at a meeting of the Board of Governors to be held in St. Louis, May 16th and 17th. It is expected that consideration will be given to the Income Tax bill now before Congress.

The place of meeting for the next convention of the Association will also probably be determined.

#### WISCONSIN BANKERS' ASSOCIATION.

IT is proposed this year to hold the annual Convention of the Wisconsin Bankers' Association on board the new steamship "North American" of the Chicago, Duluth and Georgian Bay Transit Company. The boat leaves Milwaukee Saturday, June 21st at 9:30 P. M. for Mackinac Island. The Soo and Georgian Bay, arriving back at Milwaukee Tuesday evening, June 24th.

A LIMITED number of bound copies of Vols. 1, 2, 3 and 4 of the JOURNAL-BULLETIN can be obtained at this office at cost—\$2.00 each for Vols. 1 and 2; \$2.50 each for Vols. 3 and 4.



# SAVINGS BANK SECTION

## CHICAGO TO THE FRONT.

**W**HILE New York has been thinking of taking up the School Savings System, Chicago has taken a long step toward its adoption.

Through the efforts of Joseph R. Noel, President of the North West State Bank of Chicago, and our energetic Vice-President for Illinois, representatives of twenty-four of the representative banks of Chicago, together with two of neighboring towns, and several members of the Boards of Education of Chicago and Aurora, Illinois, and the Secretary of the Illinois Bankers' Association, met at dinner on the evening of Friday, April 4th, in the Grand Pacific Hotel, Chicago, to discuss with the Secretary of the Savings Bank Section, and J. J. Reynolds, Principal of Public School 122, Brooklyn, N. Y., where a very practical system is in operation, the advantages of the school savings system. Unfortunately for the guests it was a case, as the Chicago Banker expressed it, of "Hamlet with Hamlet left out," for due to the flood conditions, they did not reach the hotel until one hour after the diners had adjourned, although due at eight-forty-six A. M. However, the distance between the stalled train and the festive board must have been bridged by a mental telepathy, for Messrs. William George, President Old Second National Bank of Aurora; William Rothmann and John J. Sonstebj, of the Chicago Board of Education; John D. Shoop, First Assistant Superintendent of Chicago Schools, and Professor Carlton E. Douglas, Superintendent of the Aurora schools, all spoke with such telling effect in favor of the system that the following resolution was enthusiastically carried by a unanimous vote:

"Whereas, The teaching of business methods and the inculcation of principles of thrift among children is a desirable object to be attained, and

Whereas, School Savings Banks teach children business methods, and encourage them to save money, be it

Resolved, That the Board of Education, of the City of Chicago, be and is hereby urged to adopt the School Savings Banks in Chicago schools. Be it further

Resolved, That the chairman of this meeting appoint a committee of five, of which he shall be chairman, to confer with the Board of Education, with a view of having School Savings Banks adopted in the schools of Chicago."

In accordance with this resolution, Mr. Noel appointed as his associates upon this Committee:

Lucius Teter, President Chicago Savings Bank & Trust Co.; Murray M. Ostott, Cashier Drovers' Trust & Savings Bank; C. E. Schick, Cashier North Avenue State Bank; Warren W. Smith, President South Chicago Savings Bank.

When Messrs. McWilliam and Reynolds finally arrived at eleven-ten P. M., they immediately reported to Mr. Noel by phone, after surveying the scene of the banquet they had missed, and were informed that arrangements had been made for them to meet the committee and a few others at luncheon next day at the Union League Club. At this luncheon the whole subject of school savings banks was thoroughly discussed.

One thing which is absolutely essential to this undertaking was very evident among the Chicago bankers, co-operation, and it is hoped that the same delightful relationship may be established with the Board of Education, for with all joining in this unselfish spirit for the betterment of future generations by inculcating principles of thrift in the school children, the success of the movement is assured.

Mr. Reynolds, who as indicated, has had a large practical experience in operating the School Savings System in his school, during a Chicago interview said:

"To state that we are all creatures of habit is a trite observation, but is a fact of prime importance in any discussion of education topics. The habit of saving should be formed as early in life as possible, and should be made, by years of practice, a part of everyone's life. Sporadic saving is of little or no value. We will accomplish little of permanent value by starting savings banks in our schools, and then after a little experimentation, allowing the entire subject to drop. A system that will advertise itself day after day—that will keep itself automatically before the pupils—and that will appeal to children in exactly the same way that a real bank and its accessories do to the adult, is a system that we should try to have in every school. It is sometimes considered, by even thoughtful men, that the entire subject of school savings banks is a fad, a passing fancy of educational theorists, or the plaything of bankers who must be amused in their off hours. It is not a fad, and it has come to stay in our schools, because the school savings bank, properly conducted, satisfies a real educational need, and justifies itself on both moral and economic grounds. I shall not expatiate on the obvious,—that extravagance and improvidence for the future, are on the increase, and that a large part of the money that should go into the savings banks, now goes for unnecessary luxuries. To cultivate and encourage habits of frugality and industry, is to do for the individual and for the country at large, an incalculable benefit. There is another aspect of this question seldom mentioned in connection with school savings banks, and yet is closely allied to it. Radical socialism is on the increase; a feeling of dissatisfaction with the so-called capitalists of the country is not limited to any place. It is one of the unfortunate conditions of the times, but it will generally be found that this dissatisfaction is confined to those who have no direct connection or interest in any of the great corporate institutions of the country. The man who might be sent to jail for his slanderous comments on the policy of a street railway company, becomes a firm defender of the same company as soon as he acquires five or ten shares of its stock. The man who is a radical Socialist, oftentimes changes into a meek conservative as soon as he acquires the smallest parcel of real estate. And the individual who owns a bank-book and feels a direct interest in some great banking institution, is very apt to be found arrayed against radical measures and legislation. He feels he has a direct interest in the stability of our business institutions. Not by police will our institutions be maintained, but by the strong convictions and the material interests of the great mass of workers in our country. The more bank accounts, the better for the country, and the earlier we can form the habit of saving, the better for the community. Form the habit of saving at 11 or 12 years of age, and you have a depositor for life.

According to the latest available figures, there are about 113 cities in which school savings banks have been established, and these banks have to their credit some \$871,000, but this is not nearly enough. Properly encouraged by bankers and educators, the deposits could be increased tenfold. The systems, as generally followed, have not been successful because they emphasized only one phase of the banking idea. Frugality and thrift were preached continuously, but there was no incentive to save. Something more than lec-

tures are necessary. Adults flock to the business banks because there is a certain feeling of pride in participating in the banking operations.

Where school banks are established, the class teacher does all the work, takes the money, enters the deposits in a little book or card, and then the teacher deposits the entire collection in the name of the school, at the local bank, or hands it to a higher school official. Sometimes, stamps are given for each cent deposited. Now this is good as far as it goes, but it puts the entire responsibility on the teacher. The pupils do nothing, have no part in the management of the affair, and no inducement to save, except the admonition of parents or teachers, which may or may not be sufficiently effective to form the habit of saving. In the simple school system, which interested some of the members of your association, the emphasis is not laid on the saving. The pupils manage a bank—not a make-believe, make-shift—but a real up-to-date business institution. The boys and girls are not sermonized, but they see three mornings every week, a line of depositors making out their deposit slips, having their savings entered on a bank card, they see other boys and girls making out checks to their own order, and those who are not on the line feel that they are missing something really worth while. The little ones save until they have five cents, and then they may become depositors, and some day may be a clerk, or president even of the bank, for depositors only are eligible to be on the staff of the bank. By actually using business forms, and by being compelled to follow all the regulations enforced in any well-conducted bank, the children are learning business operations by actually participating in them. They obtain lessons in accuracy and carefulness by doing things which require accuracy and care. If a check is not made out properly, it is handed back without comment; if a deposit slip is wrong, it must be filled out again; if a pass-book is lost, a certain form must be filled out, the book advertised, and payment made for a new one. The boys and girls who manage the bank are gaining

power in accuracy and skill in handling figures, and a greater understanding of simple fundamental problems than they could possibly get through the study of a dozen text-books. A feeling of responsibility is awakened. This was well shown when a little girl, an officer of the bank, said she would not loan \$100 to a teacher unless the teacher deposited security to protect the loan. We find that the bank helps our arithmetic work to a considerable extent. The pupils now have some motive for their work. The cause of much of the poor work done in the schools is just this lack of any real motive on the part of the pupil of mastering the subject matter. The pupil sees no reason for learning bank discount, and if he learns it, he does so simply because the teacher forces it on him.

We have found that pupils were trained in habits of accuracy and carefulness and that our problems based on actual bank figures, gave us a basis for lively, interesting, arithmetical drill work, which before was often dead, meaningless, manipulation. We found also that we have trained a set of boys and girls who are on the road to become efficient clerks. The details of our system have been outlined in the previous number of the journal. They are very simple, seven or eight pupils are trained to do the work of bank clerks. On Monday, Wednesday and Friday, from 8:20 to 9 A. M., are our banking hours. The money deposited by the pupils is deposited by the principal of the school in a savings bank of the neighborhood. The forms used are modeled after those used in regular banks. In this system, the success of the movement depends on the presence in the school of one teacher who will act as general overseer of the work, and on the co-operation of just one bank in the neighborhood, who will allow a bright clerk to instruct the pupils and the teacher in the simple routine work of a bank. Expensive forms are not necessary, nor do I advise a full equipment at the beginning. In each school, let the work evolve gradually so that each new problem may be solved by the children themselves."

#### ONE CENT LETTER POSTAGE.

**A**CTION on the part of Postmaster General Albert S. Burleson, involving the appointment of a commission to investigate the "actual financial, physical and working conditions of the postal service" is regarded by business men all over the country as the initial step towards one cent letter postage.

Postmaster General Burleson indicates that there have been so many conflicting reports as to the general conditions of the department that he has decided to have a full and complete investigation made with a view to determining the exact status of affairs.

The commission is composed of Daniel C. Roper, Joseph Stewart, A. M. Dockery and James I. Blacklee, first, second, third and fourth assistant postmasters general respectively, and Merrit O. Chance, chief clerk of the department. These are the new officials just appointed under the Wilson administration to conduct the affairs of the post office department.

Now that the parcels post is in actual operation and bids fair to be extended during the next few years, it is claimed by business men generally that their demand for a one cent letter rate should be heeded. They point to the fact that the post office department is now realizing an enormous surplus, something like \$65,000,000 per year, from the letter mail. Although letter mail constitutes but fourteen per cent. of the revenue of the department it pays about seventy-five per cent. of the revenue received from all classes, and it is evident that this is a decided discrimination against users of first class or letter mail.

It is to investigate this entire problem with a view to making recommendations for a suitable re-

adjustment that the commission will deal. Sentiment in favor of a one cent letter rate is now strong throughout the country, according to officers of the National One Cent Letter Postage Association, which has its headquarters in Cleveland, and which is conducting a vigorous campaign for the lower rate.

#### NEW STATE SECRETARY.

**M**R. H. ERLE HOKE, of Las Vegas, has resigned as Secretary of the New Mexico Bankers' Association and has been succeeded by Mr. J. C. Christensen, of Raton, New Mexico.

Mr. Christensen shows the progressive spirit in his communication to this office and assures us that the New Mexico Bankers' Association will become active and endeavor to keep pace with the other State Associations of the country.

#### CALIFORNIA BANKERS' ASSOCIATION.

**T**HE convention of the California Bankers' Association at San Diego will be held May 15th-17th, instead of May 22d-24th, as previously announced, the change having been made on account of the Knights of Pythias' Convention in that city on the last mentioned dates.

**T**HE Library Department has for distribution copies of "Reserve and Currency Problems—a Substitute for a Central Bank," a pamphlet written by Mr. Newton D. Alling, Vice-President of the National Nassau Bank of New York.





# CLEARING HOUSE SECTION

## THE COUNTRY BANK IDEA.

**I**N all the discussion on the Clearing House and the country check, it is interesting to hear what the country bank has to say. We print herewith two expressions of opinion that are very refreshing in their frankness. They were sent in by members of the Correspondence Chapter of the American Institute of Banking:

"I do not believe that the present method of handling transits is either good practice nor recognized as diligent by the law courts. The writer knows of one case that illustrates the amusing routes followed by items and will describe it for an example: The item was drawn on a bank at 'A' and cashed by a bank at 'B,' eight miles distant. 'B' bank forwards the check to Trust Company at 'C,' one hundred miles distant. The Trust Company deposits it in a bank at 'D' which bank forwards the check to bank at 'E,' one hundred and fifty miles away. Bank at 'D' forwards item to bank at 'E,' three hundred miles from it, and bank at 'E' forwards to another bank at 'C,' which bank sends the item to point of payment. The amount of the item was eight dollars, and it had been handled by three banks in one city, and traveled upward of six hundred miles rather than go direct eight miles. Such instances are common, as any transit man will acknowledge, and should be corrected. Prominent bank men state that no item should bear more than three bank indorsements, and that two indorsements is more nearly correct.

"Exchange charges are proper when made to cover actual cost of handling and transfer of funds. They were originally made to cover the cost of sending cash to the owner of the item, and such cost should be the only one that should be made or allowed, and that should be borne by the maker of the check or draft.

"There are banks in small towns throughout the country who think nothing of a charge of \$2 per thousand on checks drawn on themselves, where the only cost entailed is the entering upon receipt and the mailing of draft. Such banks, as soon as discovered, should be listed by collecting banks and checks on them refused as cash, but received for collection only and credited when paid for the net amount. This would call the indorser's attention to the fact that his customer was not making full payment, and he would undoubtedly take the matter up with the maker, he in turn would interview his bank, and I doubt if they could make a plausible explanation for any such charge. Another mistake that is being made is the 'buying of deposits' by some of the largest banks in the country. These banks make propositions of this nature: 'Give us a balance of \$1,000—and we will send you all our business on your town and pay you a certain rate of exchange, usually 10 cents per hundred.' The small banks see a chance to increase their earnings without cost to them, and accept. The large bank recovers the cost from their depositor and the small bank says that if so and so can pay us this rate so can every other bank, and immediately every other one has to face this or a higher rate, where before possibly no charge at all was made.

"As long as charges are made some one must bear the burden, and that one should be the maker of the check, but until the maker can be made to see this the only method that I believe will be satisfactory is the establishment of country or district clearing

houses and the charging to depositors of the cost on every check deposited."

The next writer treats the subject differently, but he arrives at the same conclusion.

"It is argued that the country banks like the idea of receiving only one cash letter, and having to write only one draft in remitting, and using only one two-cent stamp. That may be very good theory, but in actual practice the country banks in this part of the country think its pretty good fun to get from six to ten cash letters each day. It's true that it takes ten drafts, ten stamps, and ten envelopes, but it's equally true that we get a pretty fair rate of exchange for every draft we write—some little bit more, for instance, than the cost of draft, stamp, etc.

"When the writer first entered the banking business as a youngster, some eight years ago, the idea of deducting exchange from letters impressed me as being highway robbery. I soon got used to it, however, and reached the point where I could jerk off \$1 per \$1,000 without batting an eyebrow. Before my conscience got so calloused, however, I conceived the idea of establishing a bureau in Chicago to take care of all the country items of the Chicago banks, at so much per \$1,000. The idea never got fully developed, for the bank with which I am now connected was organized six or eight months later, and I had visions of collecting the \$1 per \$1,000 for my own bank. So instead of perfecting my plan to beat the game, I decided to knock the fellow on the head who dared suggest such a thing. For reason, too, as our exchange amounts to almost 2 per cent. of our capital stock annually. Since first going into the banking business, however, I have known that it was only a question of time until some plan would be developed which would solve the exchange problem, and it now appears that the Clearing House will be the solution. You might say that we could charge the Clearing House \$1 per \$1,000 also, but you must understand that on smaller amounts we get higher rates, for instance, on \$105 we jerk off 25 cents. Another thing, if ever the clearing houses get the matter in their hands they can discriminate against you until they force you to their terms. I may be wrong, but it is my opinion, and I say this somewhat regretfully, that within ten years through the aid of the clearing houses the exchange charges of the country banks all over the United States will amount to less than half of what it now runs to."

## CLEARING HOUSE EXAMINATIONS.

**A**T a meeting of the Executive Committee of the Clearing House Section just a year ago, it was decided that good educational results would be accomplished by a pamphlet setting forth the purpose and plan of Clearing House Examinations. This booklet is now in its second edition and, we hope, is doing much to explain just what this very effective system of supervision represents. It has been characterized as the best method ever devised for protecting the stockholder and depositor and insuring stability and solvency. We shall be glad to furnish copies of the pamphlet upon request. While it was intended for bankers primarily, we find that it may be helpful to others who seem to entirely misunderstand what these examinations are for and how they are conducted.

Speaking of the recent attempt in certain quar-

ters to attack and discredit the Clearing House Examinations, one of the leading Pacific Coast financial weeklies says in part:

"Nowadays it seems the average politician goes on the theory that the banks are going about seeking whom they may devour. The least conception of the principles of the banking business should convince an open-minded man that such a view is wholly erroneous. Banks do not prosper and grow strong by restricting credit and withholding it from those legitimately entitled to it. Nor is competition in the banking business dead. The increase in the number of banks has far outstripped, in proportion, the increase in the population during the last twenty years. Under the circumstances, considering the improvement in banking service, it is extremely discouraging to have our powers in authority appear so ready to believe the tale of every malcontent and so little disposed to listen to the explanation of the banks. From time immemorial the incompetent have thought the world was in a conspiracy against them. It has remained for the present day to produce legislative bodies which take the tales of failure seriously. . . .

"The Clearing House Examination hardly needs any other justification than its results. Its object is not for one bank to find out the business of another bank. It establishes a basis on which banks may intelligently co-operate to give strength and stability to the whole banking situation. In efficiency, the Clearing House Examination far exceeds the official examination because there can be more time devoted to it. Exclude the Clearing House Examination and the function of the Clearing House must necessarily be mainly the exchange of checks. If our people believe it is better in times of panic for every bank to go for itself and the devil take the

hindmost, by all means give them what they want. Perhaps the banks have merely been working along wrong lines in thinking that the safety of depositors' money transcended the rights of borrowers—even to cheat and defraud the banks."

### THE NUMERICAL SYSTEM.

THE percentage of numbered checks is showing better all the time. At Detroit in September statistics showed about 20 per cent. numbered.

We examined 75 checks sent into this office in April in payment of dues for new members, and although non-members of the Association have naturally not responded to our requests as rapidly as have our members, nevertheless 53 per cent. of these checks have the transit numbers. It follows that since so many checks now are numbered, more banks are using them to save labor in making transit and other records. By another year we estimate that 90 per cent. of checks will be in such shape that nearly everybody will be making use of the Numerical System. On the Pacific Coast they have already reached this percentage.

We are able to furnish keys to the System from this office at \$1.50 per copy. With the book we send supplements showing the numbers of all new banks. It has been brought to our attention that the use of the numbers on indorsement stamps is especially valuable. Every banker knows the difficulty in deciphering a faint or blurred stamp, but with the number showing in at least one place, otherwise illegible stamps become plain. You should have a key to assist your transit men.

### THE BOOK OF FORMS. For National and State Banks.

BY the time this issue of the JOURNAL-BULLETIN is in the hands of our members a large part of the edition of the Book of Forms will have been sent out to the subscribers. Before we could get any basis for an estimate of the cost of the book from the printers, it was necessary that we should know how many books would be taken by our members. The paper requiring a special preparation to make good plate reproductions, had to be made to order, which was also true of the leather used in the covers. But in spite of these necessary delays, we were able to complete the book within two months of the time the subscription letters were sent out.

The number of orders received enables us, with due economy in the preparation of the book, to fix the price at five dollars (\$5.00) per copy, expressage prepaid. Letters have been sent to all subscribers suggesting that they send in their remittances at once.

As fast as they are received from the bindery, the books will be sent out by express in alphabetical order of states. All should be in hand by the last of May.

The book contains about three hundred forms, together with several pages of explanatory and incidental text covering every department of bank work. It consists of 124 pages, handsomely bound in flexible morocco covers. Quoting from the preface:

"The Committee believes that the purpose of this book is educational and that it is not intended to be merely an exhibit of specimen bank forms. In order that the principle involved in the various features of bank accounting may be made clear, it has been thought well to accompany many of the forms with explanatory text, in addition to a short introduction on Bank Accounting in general, adapted from the pamphlet of the American Institute of Banking on this subject. In this way, new banks or growing institutions who find it necessary to install new systems may adapt to their own needs the forms submitted. It is assumed that the larger city banks will continue to evolve books and systems out of their own experiences; and, therefore, no attempt has been made to show every amplification of detail.

"What has been attempted is a collection of distinctive and typical forms covering every department of bank work and conforming to what experience has shown to be the most efficient and economical organization."

If you have not subscribed for the book, or if you will want additional copies, please advise us promptly, since the edition is limited.

### WASHINGTON BANKERS' ASSOCIATION.

THE eighteenth annual convention of this Association is to be held at Bellingham, August 7th, 8th and 9th. Secretary Kauffman, of Tacoma, announces that he has already secured promises from the following gentlemen to make addresses: W. G. Edens, of Chicago, whose subject will be "Advanced Agriculture, Education and Good Roads"; J. A. S. Pollard, of Fort Madison, Iowa, and Lydell Baker, publisher and editor of the "Pacific Banker." The Secretary is endeavoring to arrange a joint debate between two teams representing the Seattle and Spokane Chapters of the American Institute of Banking.

The principal reason for selecting the date of the Convention during the first week in August is owing to the fact that the annual run of salmon is at its height, this being the fourth or great salmon year the delegates and visitors will have for inspecting the fish traps and canneries, single traps impounding as many as 50,000 salmon at a lifting.

The Association has made an appropriation for a prize essay contest along the same lines as last year, open to all bank clerks in the State of Washington, and students of the University of Washington, Pullman State College and Whitman College at Walla Walla, the subject this year being "Political Considerations in Financial Legislation."



# STATE SECRETARIES SECTION



## CONVENTIONS TO BE HELD 1913.

May	2-3	New Jersey	Atlantic City
"	6-7	Kansas	Hutchinson
"	8-9	Oklahoma	Muskogee
"	8-10	Alabama	Dothan
"	9-10	Nevada	Goldfield
"	13-15	Texas	Galveston
"	15-17	California	San Diego
"	16-17	Georgia	Macon
"	20-21	Missouri	St. Joseph
"	20-21	Mississippi	West Point
"	27-28	Iowa	Des Moines
June	5-7	Idaho	City of Weiser
"	10-12	Michigan	Lansing
"	11-12	North Dakota	Grand Forks
"	11-12	West Virginia	Elkins
"	12-13	New York	Ottawa, Canada
"	16-17	Oregon	Roseburg
"	19-21	Virginia	Old Point Comfort
"	20-21	Pennsylvania	Pittsburgh
"	21-24	Wisconsin	On board steamship "North American"
"	24-26	Maryland	Blue Mountain
"	25-26	Connecticut	Eastern Point, New London
"	25-26	South Dakota	Watertown
July	8-10	North Carolina	Asheville
"	10-12	South Carolina	Lake Toxaway
"	10-11	Minnesota	Duluth
Aug.	7-9	Washington	Bellingham
"	15-16	Montana	Helena
Sept.	11-12	Ohio	Cleveland
"	17-18	Kentucky	Louisville
"	17-19	Amer. Inst. of Banking	Richmond, Va.
Oct.	6-10	Amer. Bankers Asso.	Boston, Mass.
Oct. 1-Nov. 1		Arizona	Phoenix

## STATE CONVENTIONS HELD IN APRIL.

### ARKANSAS:

THE Arkansas Bankers' Association held its twenty-third annual convention in the auditorium of the Hotel Marion, Little Rock, Wednesday and Thursday, April 23d and 24th.

President Charles G. Henry, Cashier of the Arkansas Bank & Trust Company, Newport, spoke on the good work which had been accomplished in securing the enactment of the new banking law in Arkansas which he believed to be thoroughly adequate for the needs of the State.

The report of Secretary Robert E. Wait, President of the Citizens' Investment & Security Company, Little Rock, covered in detail the work of the Association during the past year, and showed that the banking interests of the State had been materially benefited by the results obtained.

Col. Henry Exall, President of the Texas Industrial Congress, Dallas, gave an interesting address; the Hon. A. M. Young, formerly Bank Commissioner of Oklahoma, discussed "Some of the Mistakes We Make"; Fred W. Ellsworth, of the Guaranty Trust Company, New York, talked on "The American Institute of Banking and the Banker"; John M. Davis, recently appointed Bank Commissioner for Arkansas, outlined the policy of his department, and Major Clifton R. Breckinridge read a paper entitled "Our Improvement Districts and their Dangers."

Among the entertainment features was an automobile ride on Wednesday afternoon, and in the evening the annual banquet of the Association was

given at eight o'clock in the banquet hall of the Hotel Marion.

A meeting of the members of the American Bankers Association of Arkansas was held to select a member of the Executive Council, a State Vice-President and a member of the Nominating Committee of the National Association. The various groups of the Association also held meetings.

The officers for the current year are: President, J. D. Covey, Cashier Benton County National Bank, Bentonville; Vice-President, J. K. Browning, Cashier Bank of Piggott, Piggott; Secretary, Robert E. Wait, President Citizens' Investment and Security Co., Little Rock; Treasurer, T. E. Brown, DeQueen.

### FLORIDA:

ON April 24th and 25th the twentieth annual convention of the Florida Bankers' Association was held at the Seminole Hotel, Jacksonville, at which there was an unusually large attendance.

President George W. Allen, President of the First National Bank, Key West, in his annual address said that the citizens of Florida had reason to congratulate themselves on the development and general prosperity of the State during the past year. He favored Currency Reform, a Blue Sky Law and a more stringent banking act in Florida. Mr. Allen also spoke of the great work which the American Institute of Banking is doing in training young men who have taken up the banking profession.

Secretary-Treasurer George R. De Saussure, Vice-President of the Barnett National Bank, Jacksonville, submitted his report, showing that the Association had increased its activities in all lines of Association work and was in a prosperous condition. Reports were also made by the Executive Council, various committees, and John T. Dismukes, member of the Executive Council of the American Bankers Association.

Major J. R. Slattery, of the U. S. Engineer Corps, described some of the possibilities of the waterway development in Florida; A. S. Hough, editor of the "Times-Union" of Jacksonville, prophesied on "Some Things Just Ahead." "The Negotiable Instruments Act" was discussed by F. P. Fleming, which was followed by remarks by representatives of the State Comptroller's office, and James G. Stewart told of the commercial conditions in Florida.

The list of officers elected for the ensuing year will be published in the June number of the JOURNAL-BULLETIN.

### LOUISIANA:

THE Louisiana Bankers' Association held their annual convention at the Hotel Bentley, Alexandria, on Thursday and Friday, April 17th and 18th.

The visitors to the city were welcomed by the Hon. R. A. Hunter to which R. H. Miller of Ruston responded, followed by the annual address of Dr. L. H. Jastremski, President of the People's Bank & Trust Company, Houma.

Dr. Bradford Knapp, Special Agent of the United States Department of Agriculture, discussed the subject of agricultural and financial development and education, covering very fully the relations existing between the farmer and the banker, and Prof. William A. Scott, Director of the course in commerce and



professor of political economy of the University of Wisconsin, made an address on Banking Reform.

The reports of Secretary L. O. Broussard of Abbeville and Treasurer L. M. Poole of New Orleans, as well as the reports of the various committees and group chairmen were submitted and unanimously approved.

The entertainment provided by the local bankers consisted of a barbecue at the Country Club on Thursday afternoon, and a smoker at the Bentley Hotel in the evening, also a reception and dance on Friday evening at the hotel.

The following officers were elected for the ensuing year: President, H. D. Apgar, Cashier National Union Bank, Monroe; Vice-President, Andrew Querbes, President First National Bank, Shreveport; Secretary, L. O. Broussard, President Bank of Abbeville, Abbeville (re-elected); Treasurer, L. M. Pool, Active Vice-President Hibernia Bank & Trust Company, New Orleans (re-elected).

#### TENNESSEE:

**T**HE Twenty-third Annual Convention of the Tennessee Bankers' Association was held at Memphis, Wednesday and Thursday, April 16th and 17th, there being a large attendance of delegates and friends.

Mayor E. H. Crump made an address of welcome on behalf of the city, and J. E. Ottinger, President of the Mississippi Valley Bank & Trust Company, on behalf of the local bankers, the response being made by R. D. Marshall, Cashier of the Bank of Sevier-ville.

Following the annual address of President J. N. Fisher, President of the City National Bank of Morristown, which covered banking conditions in Tennessee and advocated a new currency law, Prof. A. J. Morgan, of the University of Tennessee, discussed some of the banking features of the State, and William A. Law, Vice-President of the First National Bank of Philadelphia, spoke on banking growth.

The reports of the Executive Council and Committees of the Association, and also the report of Secretary F. M. Mayfield, covered the work of the Association during the past year and showed that eminently satisfactory results had been attained in every department.

At the meeting of the State Bank Section, President J. M. Gaunt, Secretary-Treasurer N. L. Flourney and M. A. Sadd, of the legislative committee, submitted their reports, all of which were approved, and a general discussion then ensued on matters germane to the work of the Section.

The winner of the contest of the State Chapters of the American Institute of Banking read a paper on the new banking law and its probable effect upon business and banking conditions in the State.

As provided for in the new banking law, five names were selected to be submitted to the Governor from which he will choose a superintendent of banks.

The entertainment features included a reception for the ladies at the Gayoso Hotel, followed by a drive to the Country Club where luncheon was served. On Wednesday night the members of the Association and their friends were entertained at the Orpheum Theatre. A trip was taken on Thursday, on the Mississippi River, around President's Island, an orchestra being on board to furnish music for dancing.

The officers elected for the ensuing year are as follows: President, Fred T. Collins, Cashier Milan Banking Company, Milan; Vice-Presidents, A. D. Houston, V. T. Roy, A. M. Chambliss; Secretary, F. M. Mayfield, Nashville (re-elected); Treasurer, B. H. Blacklock.

#### KANSAS STATE BANKERS.

**T**HE Kansas State Bankers held a convention at Topeka during the second week in April, there being about 500 representative bankers of the State in attendance.

Among those who made addresses were Governor Hodges, the new State Bank Commissioner Charles M. Sawyer, former Commissioner J. N. Dolley, John

R. Mulvane, H. J. Waters of the State Agricultural College and Walter E. Wilson of Washington.

Resolutions were adopted by the convention advocating legislation to make it mandatory for state officials to deposit the funds of the state in guaranteed state banks only, and that when funds are so placed, additional security shall not be required by the depository. That any changes made in the financial system should include state banks in its provisions, and on the same terms as national banks.

The officers elected for the current year are as follows: William Macfarren, Topeka, President; J. E. Wagner, Larned, M. A. Householder, Columbus, First and Second Vice-Presidents respectively; Walter E. Wilson, Washington, Secretary, and F. G. Bergen, Summerville, Treasurer.

#### PROTECTIVE WORK OF STATE BANKERS' ASSOCIATIONS.

Office of the Secretary.

Sedalia, Mo., April 24, 1913.

Missouri Bankers' Association:

#### WARNING!

We have just been informed that a man by the name of Edwin Estes has in his possession a supply of money orders stolen from the Post Office at Hill Top, Kansas, on which he is forging the signature of the postmaster of that place, and is endeavoring to pass them in Missouri.

He also has in his possession the stamp of the Hill Top Post Office. Consequently, the money orders have every appearance of being genuine except that the signature is forged. The money order to which our attention is particularly directed is drawn on the Post Office at Cedar Vale, Kansas.

So far as we are informed, none of our members has been defrauded by this man, but he is likely to make the attempt.

Washington Bankers' Association,

Office of the Secretary.

Tacoma, Wash., March 31, 1913.

#### WARNING.

NO. 269.—A party going under the name of A. J. Richardson, representing himself to be a salesman for the Edward B. Bruce Company, distillers of Baltimore, and carrying a line of their stationery, such as order books, letter heads and samples of liquors, has been soliciting orders from saloon-keepers or retail liquor dealers, and after succeeding in securing an order gets the proprietor to cash a check purporting to be issued by the people he represents. The check is regularly numbered with the name of the firm printed in the body and in the signature drawn upon the First National Bank of Baltimore. The check has been returned marked "bogus," and there is no doubt but that the party cashing same is a professional swindler. His description is as follows: Five feet six inches tall; medium heavy set; age about 40 to 45; hair dark brown, gray along temples; wore a long heavy overcoat and soft hat; smooth shaven and rather pointed face.

NO. 270.—Several bogus drafts purporting to be drawn by the Green Briar Oyster Company, Frank Wade, Treasurer, payable to C. H. Broughn, for \$2,260. Stamped Accepted February 21, by a forged signature of the Cashier of the Othello State Bank, were recently presented at that bank, and of course payment refused.

NO. 271.—A party going by the name of F. C. Conway, who worked in the camp of the Cherry Valley Logging Company, Stillwater, Washington, was in the town of Tolt recently, and passed on local merchants two bogus checks, one drawn on the Bank of Commerce, Everett, purporting to be signed by H. E. Bunson, and the other on the First National Bank of Monroe, purporting to be signed E. C. Rodgers. Description: Tall; weight, 190 pounds; 26 to 30 years old; dark complexion; smooth face; wore good lumberman's clothes, gray stockings; high-topped logger's shoes. Claims he was heading for Alaska.

NO. 272.—Look out for the party forging checks on various banks signing the name of Mrs. A. Pierce, or Sam F. Peterson. This party has been operating in Butte and Dillon. Description: Nationality, Dane or Swede; height, 5 feet 11 inches; weight, 160 pounds; age, 30 to 35; hair light; blue eyes; smooth shaven; speaks broken English.

#### SPECIAL NOTICE.

NO. 273.—Forged Certification.—In view of the fact that many frauds have been perpetrated by raising the amount of certified checks, say \$8 to \$80, the Protective Committee hereby recommends that all banks in certifying checks should write the limit of the amount across the certification, and it would be well to stamp the exact amount by a perforator or protector.

Michigan Bankers' Association,  
Office of the Secretary,

Detroit, Mich., April 7, 1913.

#### BULLETIN No. 131.

##### Warning No. 1.

A party purporting to be Joseph Kohn has been circulating drafts, supposed to be issued by the Cashier of the National City Bank of Chicago on the National Park Bank, New York. The drafts are regular in appearance but fraudulent. Kohn's operations seem to be among the merchants.

##### Warning No. 2.

A man signing the name of C. H. Manning has successfully cashed checks in Central and Eastern Michigan, drawn on the Union Banking Co., St. Joseph. A rubber stamp for the Manning Nursery Company was used. The bank has no account with Manning.

##### Warning No. 3.

A party claiming to be G. W. Bradley has defrauded a bank at Buckner, Mo., by means of a forged note. He is about 40 years old, 5 feet 8 inches tall, slender, about 150 pounds, fair complexion. As this class of men go from one State to another, our members are warned against this party.

Kindly advise this office if any of these parties are apprehended.

April 9, 1913.

#### BULLETIN No. 134.

##### Warning No. 1.

A party representing himself to be John Carten has been drawing checks in \$10 amounts on the Evert Banks. The checks have come in from various Michigan points. The party answers to the description of 35 years; dark hair; 5 feet 6 inches tall; weight, 175 pounds or over. Carten has no account with the Evert Banks.

##### Warning No. 2.

Money Orders Nos. 389047, 389048, 389049, of the Northern Express Company, have been stolen. No. 389047 was cashed for \$42 in Minnesota by a party said to be C. E. Downey, agent for a liquor house. The order purported to have been issued at Valley City, N. D.

Advise this office if any of these parties presenting these Money Orders or Checks are apprehended.

The swindler Leon S. Hall, referred to in our Bulletins Nos. 122 and 123, has been apprehended, having violated his parole at Laverne Hall, was returned to Ionia, March 27th, from Grand Rapids.

Nebraska Bankers' Association,  
Office of the Secretary,

Omaha, April 11, 1913.

Notice is received of swindler who contracted for a large amount of real estate in Richardson County, presenting checks in payment drawn on First National Bank, Houston, Tex., signed Wm. A. Wilson and F. J. Williams.

He endeavored to obtain his commission in cash but failed. He did, however, secure several blank checks of the Falls City State Bank which he may attempt to pass.

Age, 26 to 30 years; 5 feet 6 inches; 150 pounds; light complexion; blue eyes; round, full face; smooth shaven; pleasant talker; Southern accent; eye teeth set in and noticeable when he talks. Look out for him.

April 10, 1913.

#### \$50 REWARD.

Above reward will be paid by this Association for apprehension and delivery to the officials of Gage County, Nebraska, of one E. F. Riggs, who is charged with forging endorsements upon checks after having secured the signature of some merchant to proposed terms for sale of the business.

He is 28 to 32 years old; 145 to 150 pounds; dark brown hair; dark eyes; tanned; heavy eyebrows; short, broad face, but rather gaunt; fairly well dressed in dark suit, black overcoat, dark Fedora hat; appearance of a farmer or half-rate real estate man.

Reward to remain in force for one year from date, and to be paid under the rules and regulations of the Protective Committee of this Association. Wire at our expense.

#### A DANGEROUS SWINDLE.

A crook approaches some local firm with the statement that he represents a big real estate firm of Wichita, Kan., and is trying to find a good business for a client. Gets the local firm to make a proposition in writing over its signature as to what it would take for its business. He next appears at the bank with a check drawn on First National Bank of Hutchinson, Kan., or it might be another point of course, signed by C. W. Collins in favor of Bearer for \$25 and endorsed by the said local business firm. Obviously the endorsement was copied from the firm's letter.

He is 35 years old; 145-150 pounds; dark brown hair; smooth face; dark complexion; brown eyes; about 5 feet 9 inches; dresses fairly well; rather farmerish looking, or half-rate real estate man. Gave name E. F. Riggs, Wichita, Kansas.

We are offering a \$50 reward and will do our best to trace him.

#### WARNING.

Here is a professional swindler who may visit us here in Nebraska. We are warned by another Bankers' Association. Uses name A. J. Richardson. Claims is salesman for Edward B. Bruce Co., distillers of Baltimore, and carries a line of their letter heads, order blanks, etc. Probably had them printed himself.

Gets customer to whom he has sold bill of goods to identify him or endorse his check. Warn your customers.

He is 5 feet 6 inches; medium heavy set; 40 to 45 years; dark brown hair, gray along temples; wore long heavy overcoat and soft hat; smooth shaved; rather pointed face.

#### REWARD.

The Missouri Bankers' Association offers \$100 reward for arrest of G. W. Bradley, alias Campbell.

He operates the old scheme of obtaining the signature of a responsible farmer in a supposed note book, which afterwards proves to be a signed note. He discounts same at the bank and disappears.

Description: Age, 40 years; height, 5 feet 8 inches; slender build; weight, 150 pounds; complexion fair; smooth face, wore light Fedora hat and rain coat. Accompanied by small dark woman about 30, neatly dressed, and little boy. Wire if apprehended.

#### LOST OR STOLEN.

Time certificate No. 6514, dated March 21, 1913, for \$75 in favor of Mrs. F. H. Allen.

Time certificate No. 6515, dated March 21, 1913, for \$25 in favor of E. E. Allen. Both were drawn by the Tobias State Bank.

Certificate of deposit No. 570 for \$500 in favor of Geo. Matsutani, drawn by Commercial State Bank, Paxton, Nebraska.

# LEGAL NOTES AND OPINIONS

THOMAS B. PATON • GENERAL COUNSEL

## INCOME TAX ON CORPORATIONS.

**T**HE new tariff bill which was introduced in the House on April 7th includes income tax on individuals and corporations and provides for repeal of the existing Corporation Tax Law. A number of its provisions are now being studied with reference to their application to banks and trust companies as collectors of the tax on income of beneficiaries and others in their hands and steps are being taken to urge the amendment of the law where its effect will be to impose burdensome duties.

The present Corporation Tax Law exempts mutual savings banks from tax, but the new bill as introduced on April 7th contained no such exemption. General Counsel visited Washington on April 17th and had an interview with Hon. Cordell Hull, of Tennessee, member of the Ways and Means Committee, who is the draftsman of the income tax provisions of the tariff bill, wherein he urged the propriety and justice of exempting mutual savings banks. This subject among others was considered when the income tax features of the bill were discussed in the Democratic caucus on the following day. The bill as reported to the House on April 21st has been changed in this particular and expressly exempts "mutual savings banks not having a capital stock represented by shares."

Many protests have been made by banks in states where the banks pay state taxes assessed upon their shareholders against the ruling of the Treasury Department under the present Corporation Tax Law refusing to permit deduction of taxes so paid from gross income. It had been planned to procure, if possible, an amendment of the present Corporation Tax Law in this particular so as to permit such deduction. The new tariff bill, which provides for the repeal of the present law, contains the same provision as the existing law with regard to deduction of taxes from gross income and would be subject to the same construction. It therefore became important to immediately urge an amendment of the new bill in this particular and, acting for the Federal Legislative Committee of our Association by authority of Mr. E. F. Swinney, its Chairman, General Counsel when in Washington urged such amendment and presented a brief of reasons why it should be made. The subject is still under consideration. The following copy of brief submitted explains the situation:

### MEMORANDUM ON BEHALF OF AMERICAN BANKERS ASSOCIATION FOR INSERTION IN H. R. 10 (63d Congress, 1st Session) OF PROVISION PERMITTING DEDUCTION FROM GROSS INCOME OF TAXES PAID BY BANKS ON SHARES.

(By Thomas B. Paton, General Counsel, 5 Nassau Street, N. Y.)

Section 2, G of the bill "to reduce tariff duties," etc. (H. R. 10, 63d Congress, 1st Session), provides tax of one per cent. annually upon the net income of corporations, to be ascertained by deducting from

gross income certain specified expenses, losses, interest payments, and (page 147, lines 14-18),

"(fourth) all sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory, or Government of any foreign country, as a condition to carry on business therein, not including the tax imposed by this section."

It is respectfully urged that the above quoted provision be changed or amended by the insertion of the words italicized, so as to read as follows:

"(fourth) all sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory or Government of any foreign country, as a condition to carry on business therein including all sums paid by banking or other corporations for taxes imposed upon shareholders on the value of their shares of stock therein, not including the tax imposed by this section."

The reason and necessity for this amendment is because the Treasury Department has ruled, under the similar provision of the present Corporation Tax Law, that banks paying taxes assessed against their stockholders cannot deduct the amount so paid from gross income in making their returns. (See T. D. 1763, March 22, 1912.)

Corporations generally pay taxes assessed against their capital and property, but in the case of banking corporations, national and state, the taxes imposed by the states are, with slight exception, not imposed against the banks upon their capital but assessed against the stockholders upon their shares and, in many states, the bank is compelled to pay the tax on behalf of the shareholder.

It follows as a result of this ruling that there is manifest inequality, injustice and discrimination against all banking corporations which pay state and local taxes upon their shares as compared with all other corporations which pay taxes assessed upon their capital and property; that to the extent of one per cent. of the amount so paid upon shares, deduction of which is not permitted, there is double taxation, not imposed upon other corporations. A corporation which, for example, pays state and local taxes of two per cent. upon \$1,000,000 of capital, can deduct such two per cent. or \$20,000 from gross income, but a bank with the same capital which pays like tax assessed against its stockholders, cannot so deduct as the law is now construed, and must, therefore, pay one per cent. income tax on such \$20,000 or \$200.

On a two per cent. tax basis, therefore, there is a discrimination against and double taxation of bank capital, where the state tax is assessed on the shares, not borne by other corporation capital, of \$200 upon every \$1,000,000, and the total additional or double income tax, paid by all the banks of the country, runs into the hundreds of thousands of dollars.

Equality as between the taxed corporations is, of course, a fundamental purpose of the law, and where a provision results in double taxation of some only of such corporations, as does the provision under dis-



cussion, it violates this principle. State tax systems generally guard against double taxation in any event. For example, the Tax Law of New York provides:

"Sec. 4. Exemption from taxation . . . 16. The owner or holder of stock in an incorporated company liable to taxation on its capital, shall not be taxed as an individual for such stock."

The same principle of exemption is recognized in the pending bill (H. R. 10; see page 139, lines 9-15), wherein it is provided that persons liable for the normal income tax, shall not be required to make return of the income derived from dividends on the capital of corporations which are taxable upon their net income.

For these reasons, and in view of the construction placed upon the provision relating to deduction of taxes paid from gross income, as not permitting the deduction of taxes paid on shares, it is respectfully urged that the Amendment, above proposed, be made.

Washington, D. C., April 16, 1913.

#### BANK LEGISLATION IN ARKANSAS.

**I**N addition to the passage of the Negotiable Instruments Act which was announced in a previous number, the Legislature of Arkansas this year passed a general banking act which takes effect on January 1, 1914. This Act provides for the organization and control of banks, trust companies and savings banks. It establishes a state banking department and creates the office of Bank Commissioner. Corporations may be formed to conduct commercial trust or savings business or to combine the different kinds of such business.

The Legislature of Arkansas also passed a law along the lines proposed by this Association making it a felony for any one to overdraw his account at a bank without making arrangements in advance for such loan or overdraft. A Blue Sky Law similar to that in Kansas was also passed.

#### THE NEGOTIABLE INSTRUMENTS ACT.

**R**EPORTS received up to date show that the Uniform Negotiable Instruments Act has been passed in four states this year, namely:

Arkansas, Indiana, South Dakota and Vermont.

There is hope that the Act may also pass the Legislature of Minnesota, where it is still pending. This is a very gratifying record and the total number of states and jurisdictions now having this Act is increased to forty-four.

#### WAREHOUSE RECEIPTS AND BILLS OF LADING.

**T**HE Uniform Warehouse Receipts Act has been passed this year in five states, viz.:

Vermont, Minnesota, Oregon, South Dakota and Washington.

The Act has heretofore been passed in twenty-three states.

The Uniform Bills of Lading Act has been passed this year by the State of New Jersey, having been approved by the Governor on March 29th. New Jersey is the eleventh state in which this Act has been passed.

#### FALSE STATEMENTS FOR CREDIT.

**T**HE Act to punish the making or use of false statements for credit has been passed this year in Delaware, Indiana, Maine, Utah and Vermont

Thirteen other states have heretofore passed the law either in the form recommended by this Association or with substantially the same provisions. In Massachusetts an attempt was made to pass the law, but all that the legislature would do on the subject was to pass an act which provides as follows:

"Whoever, with intent to defraud, by a false statement in writing respecting the financial condition or means or ability to pay, of himself, or of any other person, firm or corporation, obtains credit from any bank or trust company or any banking institution accustomed to giving credit in any form whatsoever shall be guilty of larceny."

The above Act, it is seen, does not cover mercantile credits. The legislature, it is said, feared that if the full act as proposed should be passed it would give some of the sellers of furniture on the installment plan and dealers of that kind a chance to squeeze poor debtors.

#### DEROGATORY STATEMENTS AFFECTING BANKS.

**T**HE law proposed by this Association to punish derogatory statements affecting banks has been passed this year in Oregon and Washington.

Previous enactments of this law have been in Louisiana, Michigan, Wyoming, New Jersey, Rhode Island, Pennsylvania, Maryland, Ohio, Missouri, Nevada and New York.

The circulation by malicious persons of derogatory statements designed to injure a particular bank is quite a common offense by persons who for one cause or another desire to injure the institution and the enactment of this law will do much to deter this class of offenders.

#### CHECKS WITHOUT FUNDS.

**T**HE bill to punish the giving of checks or drafts on any bank wherein the drawer has not sufficient funds or a credit for payment of the same, has been passed this year in Arkansas, Indiana, Maine, Oklahoma and Utah.

In Texas, also, a law was passed along the same lines, but according to the Texas Act there must be an "obtaining by any person of any money or thing of value, by the giving or drawing of the check." This feature is not included in the draft recommended by this Association, which punishes the mere giving of a bad check with intent to defraud, whether anything is obtained upon it or not. Often A. issues his worthless check to B. with intent to defraud and B., but not A., obtains money thereon. The recommended draft aims to punish A. as well as B., unless B. is innocent of criminal intent.

The passage of the recommended draft in five new states this year is an important gain in protective legislation.

#### FORGED OR RAISED CHECKS.

**T**HE Association measure limiting the liability of a bank to its depositor where it has made payment upon a forged or raised check of such depositor, has been passed this year in Indiana, Missouri, Oklahoma and Vermont.

We have heretofore secured the passage of this Act in twenty-two states, so that one-half the states in the country are now covered.

# DEPOSITS IN TWO NAMES.

THE proposed law recommended by this Association authorizing payment of deposits in two names has been passed this year in the states of Kansas and Utah. Similar legislation has heretofore been enacted in twenty-four states. Wherever this Act prevails a bank may safely pay an account standing in the names of two persons to the survivor without the fear that the legal representatives of the decedent may question the payment.

# COMPETENCY OF BANK NOTARIES.

THE Act proposed by this Association designed to qualify notaries who are stockholders or officers of banks to take acknowledgments or make protests of paper in which the bank is interested and to remove the doubt as to their competency, especially where stockholders, to act in behalf of the bank, has been passed this year in the states of Idaho, Washington and New York. We have heretofore procured the passage of a similar law in Michigan, Montana, New Jersey, Wyoming, Maine and South Dakota.

## OPINIONS OF GENERAL COUNSEL.

### Summary of Questions Received and Opinions Rendered to Members of the Association.

#### CERTIFIED CHECK.

Question of necessity of separate stamps indicating whether certification for drawer or for holder in view of distinction made by New Jersey decision that certifying bank can refuse payment to fraudulent holder where check certified for drawer but cannot so refuse where certification for holder.—An Ohio decision ignores this distinction and holds that bank must pay fraudulent holder whether check certified for drawer or for holder.

From Connecticut.—We have been advised that there is a legal difference between certifying a check at the request of the maker or at the request of the holder, this party stating to us that any checks certified should state in the certification that the check in question was certified either "at the request of the maker" or "at the request of the holder."

I would thank you if you would kindly give us your opinion of a bank's responsibility in the above cases.

The suggestion of the distinction between certifying a check for the maker and for the holder and the necessity for two separate certification stamps indicating certification at request of one or the other, springs from a decision of the Court of Errors & Appeals in New Jersey in 1909 to the effect that where a check is certified for the drawer, both drawer and bank remain liable, and a defense that the check was obtained by false pretense would be open to both; but where the check is certified for the holder, the drawer is discharged and the obligation of the bank is the same as if the funds had been actually paid to the holder, redeposited by him and a certificate issued therefor, and the bank is liable to the holder notwithstanding it is shown the latter obtained the check by false pretense. *Times Square Automobile Co. v. Rutherford Nat. Bank*, 73 Atl. 479.

In that case A purchased an automobile from B and gave his check to B therefor, which B had certified. The check was given under false representations and A stopped payment. B sued the bank and recovered, the court holding as above stated. The court said: "The defendant, in refusing payment of Purdy's check, apparently considered that its obligation to the holder was no greater than if its certification had been made at Purdy's request. It failed to realize that its act operated as a payment of the check, so far as Purdy was concerned, and transferred

the moneys which it called for to the account of the plaintiff. The situation was the same, so far as the defendant was concerned, as if Purdy had paid cash to the plaintiff for the car which he had purchased, and the plaintiff had then deposited the cash in the defendant's bank. Having accepted the plaintiff's money, and issued to him a certificate of deposit therefor, it did not concern the defendant from whom, or how, or under what circumstances the money had been obtained. Its contract required it to pay the amount of the deposit to the plaintiff, or its order, and it could not avoid its obligation to do so by showing that the plaintiff had fraudulently obtained the money which it had deposited with the defendant."

Assuming this decision correctly states the law, many bankers feel it necessary to make a distinction in their certification stamps as above indicated, for their own guidance in case of requests to stop payment, for where certification is for the holder, the bank would be obliged to pay and stop payment would be unavailing, although it could prove that the holder fraudulently obtained the check, while if certified for the drawer, and he requested the bank not to pay a fraudulent holder and coupled his request with proper indemnity, the bank might properly refuse to pay, and the defense of fraud would be open to it unless the check had been negotiated to an innocent purchaser for value.

But a decision by the Supreme Court of Ohio in 1908 would indicate that whether a check is certified for drawer or holder, the bank's obligation to pay is the same; that in neither case can there be stop payment nor can the bank defend on the ground that the holder has procured the check by fraud. *Blake v. Hamilton Dime Savings Bank Co.*, 87 N. E. 73. If this decision, rather than the New Jersey case, is a correct statement of the law, there would be no distinction between the two cases of certification for drawer or holder with reference to the bank's obligation to pay, and there would be no necessity for separate certification stamps to indicate for whom the check was certified.

In the Ohio case A purchased a horse from B and gave to B a check drawn by X in favor of A, which A first procured to be certified before indorsing over to B. B had defrauded A, and at the request of A the bank stopped payment. B deposited the check in his own bank, which had notice of the fraud before it paid over the proceeds to him. The purchasing bank sued the certifying bank and recovered.

This case is the equivalent of one where a check is certified for the drawer who seeks to stop payment in the hands of the payee, for the payee who procured the certification before delivery of the check was said by the court to be a "new drawer," and the purchasing bank was not a holder in due course, but stood in the shoes of B. The court placed the decision on the ground that the object of certifying a check is to enable the holder to use it as money, and if certified checks are to circulate as money and perform the useful purpose in trade they have heretofore, they must be treated the same as money. The court illustrated their use by referring to the transaction in the present case. A, who was in Cincinnati, may have supposed that B, who was in Hamilton, would want cash for the horse and would not accept his check, and, not wishing to carry the money from Cincinnati to Hamilton, he procured a certification of the check, and B accepted it as readily as he would have accepted cash; but if he could not accept it with the same security that he could cash, then under such circumstances the certified check could not be used at all, or the one taking such a check, if he wishes to avoid embarrassment and delays, must at once present it for payment, and then deposit the money instead of the check in the bank. For these reasons the certified check must be treated the same as if it were money, and this being so, the obligation of the certifying bank to pay the check was not affected by the notice not to pay given by A nor was the right of the purchasing bank to enforce payment affected by notice of A's claim.

Concerning the liability of the drawer of a certified check, the law recognizes a distinction between a check certified for the drawer and for the holder. Where the check is certified for the holder, the drawer and prior indorsers are discharged, but where certified for the drawer, the effect is to add the credit of the bank to that of the drawer, and both remain liable; and the same is true as to a holder who procures the check to be certified before delivery to another holder—while the drawer and any prior indorser are discharged, he is a new drawer and will be liable thereon as well as the bank.

But aside from this question of the liability of the drawer as dependent upon whether the check is certified for him or for the holder is the separate question of the obligation of the certifying bank and the extent thereof, and it is upon this question that the New Jersey and the Ohio courts are not in strict agreement. According to the New Jersey case, the bank is absolutely liable to the holder of a certified check which it has certified for such holder, notwithstanding it can show him to be a fraudulent holder; but is not so liable where it has certified a check for the drawer who has delivered it to such fraudulent holder. But according to the Ohio case, not alone is the bank liable to a fraudulent holder for whom it has certified the check, but it is also liable to a fraudulent holder upon a check which it has certified for the drawer.

If the New Jersey case is sound there might be a desirability for separate certification stamps to indicate for whom the check was certified. But if the law as stated in Ohio is correct there would be no necessity for such separate stamps as whether certified for drawer or holder there would be an equal

obligation of the bank to pay its certified check, although in the hands of a fraudulent holder.

#### CERTIFICATION OF POST-DATED CHECK.

**Bank has no right to pay or to certify a post-dated check, at request of the holder, before its date and so acts at its peril—Such certification at request of drawer also held irregular, although in Idaho held proper, if funds sufficient, when amount becomes immediately chargeable to his account and payable to holder irrespective of date.**

From Nevada.—During this week one of the banks here in Reno was requested to certify a post-dated check, and on the advice of their attorneys that it was legal they made the certification. The bank clerks in discussing the matter, and in talking it over with other bankers got into considerable of an argument over it, and I am writing you for your opinion.

The check referred to was issued by a customer whose account is not very substantial, and in fact he frequently gives post-dated checks. The holder of this check, however, demanded the certification, and on advice it was made. The question is whether or not the bank was right in making the certification, and what the bank's position would be in case another check which was not post-dated was presented for payment and payment had to be refused.

The bank was not right in certifying the post-dated check at request of the holder before the day of its date.

While a post-dated check is valid, if not so dated for an illegal or fraudulent purpose, and is negotiable, such check is not payable before, but only on or after the day of its date. If the bank pays the check before its date, it is at its own risk, for the drawer would have the right to countermand the immature instrument before its date and take away the bank's right to pay the same. Morse on Banks (4th ed.), Section 389.

In *Godin v. Bank of Commonwealth*, 6 Duer (N. Y.) 76, two checks were post-dated July 25th. Before this day, namely, on July 13th, the drawer made an assignment, at which time the checks had already been paid and returned as vouchers. The amount was demanded of the bank before the date of the checks, and on refusal the assignee brought suit. The bank contended that the post-dated checks were rightfully paid before their date. But the court held the bank liable; that while a check may be post-dated without affecting its legal character as an obligation, the date determines when it becomes payable; that the amount of the checks was never, in contemplation of law, withdrawn from the bank and the latter was liable to the assignee therefor.

It follows that if payment of a post-dated check is premature and at the bank's risk, the same is true of certification at request of a holder who presents same. If after such certification the drawer, before the due date, stops payment or he goes into bankruptcy, the amount of the certified check is not properly chargeable to his account, and the bank remains responsible to him or his estate therefor.

But a further question arises whether the bank can be held responsible to the holder of such certified check or whether the instrument carries on its face notice of the irregularity, so as to prevent a purchaser enforcing it as a bona fide holder. In Cham-



pion v. Gordon, 60 Pa. St. 474, the court says: "A post-dated check cannot be presented for acceptance."

In *Clarke Nat. Bank v. Bank of Albion*, 52 Barb. (N. Y.) 592, the drawer of a check post-dated it and obtained the assistant cashier to certify it at a time when he had only a small balance and owed the bank on overdue paper. He then negotiated it for value before its date. In an action by the purchaser the bank was adjudged not liable, and it was held the bank officer was not authorized to make the certification until on or after the day the check was made payable; that a check drawn and negotiated before it bears date is regarded as payable on demand on and after the day of its date, and the fact that the check was post-dated was sufficient notice of want of authority to the purchaser who was not a bona fide holder and could not recover. To same effect is *Pope v. Bank of Albion*, 57 N. Y. 126.

There is a recent case in Idaho, however, that must be noted. *Smith v. Field*, 114 Pac. 668. In that case Smith drew his check and post-dated it September 10th, and then had the bank certify the check. On July 16th preceding its date the check was deposited in place of money with a Justice of the Peace on an appeal from the Justice's Court to a District court, and the question was whether the deposit was a sufficient compliance with the statute which authorizes a money deposit in place and stead of an undertaking on appeal. The court held the deposit was sufficient, and it was error to dismiss the appeal under such circumstances. The court said that under the statutes of the State the bank was prohibited, under penalty, from certifying such checks unless the money was actually on deposit in the bank to the credit of the drawer at the time of certification, and that if so, it was the duty of the bank to at once set aside a sum of money represented by the check for the specific purpose of meeting the same whenever it should be presented, and that an immediate liability of bank to holder attached from the time of certification, irrespective of the date which the check bore.

I simply call your attention to this decision that certification of a post-dated check before its date at request of the drawer makes the instrument immediately payable to a holder, without taking time to discuss its soundness. If sound, it would defeat the very purpose for which a post-dated check is drawn, for if by certifying, the amount was to be immediately charged against the drawer's account, there would be no advantage in post-dating the check.

This case, however, relates to a situation where the certification is made at request of the drawer. The case presented by you is where certification is made at request of the holder, and in such case it seems to me, beyond any question, the bank has no right to certify such a check before the day of its date and, irrespective of any question of liability to the holder thereon, such certification is at its own risk, should the drawer revoke its right to pay before the due date or he go into bankruptcy.

You ask specifically what the position of a bank would be, where, after certifying a post-dated check at request of the holder, another check not post-dated was presented and payment had to be refused. The bank would have no right to charge the certified post-

dated check to the drawer's account before the day of its date, and if before such time, another check was presented which would be good except for such wrongful charge, and the bank refused payment, it would incur liability to its customer for dishonoring a check which should have been paid.

#### ACCOMMODATION INDORSEMENT.

**Where bank discounts three-months' note and at end of first month, additional indorser signs for accommodation, opinion that indorsement without consideration and not binding.**

From New York.—We would like to have you render an opinion in the following:

A bank discounts a three-months' note of a corporation which is indorsed individually by the two officers of the corporation. After the expiration of one month, the bank does not think it is sufficiently secured, and requests the officers of the corporation to secure an additional good indorser. After the indorsement is secured, the question comes up in the event of the non-payment and protest of the note, whether the indorser so obtained can be held liable.

I think the indorser could not be held liable, as there would be no consideration to support his indorsement. It is different from the case where an accommodation indorsement is made at the time the note is given, as in such case the consideration to the maker supports the indorsement; but here the note has been completed and outstanding for a month, and I doubt very much if an indorser who so adds his name can be held liable.

It has been held in a number of cases that the mere debt of another, without discharge, forbearance, or other new consideration, will not support the note of a stranger to the debt. *Stoudenmire v. Ware*, 48 Ala. 589; *Tousey v. Taw*, 19 Ind. 212; *Bingham v. Kimball*, 17 Ind. 396; *Turtle v. Sargent*, 63 Minn. 211, holding that if a third party, without any consideration personal to himself, gives his promissory note to a creditor as collateral to the mere naked debt of another, without any circumstance of advantage to the debtor, or disadvantage to the creditor, the note is without consideration; *Security Bank v. Bell*, 32 Minn. 409; *Wren v. Hoffman*, 41 Miss. 616. While I can find no case specifically involving the liability of an accommodation indorser who puts his name on a note a month after it has been executed and delivered, without any new consideration being given by the holder, I should say that by analogy the rule stated in the above cases would equally apply and the indorsement would not be binding for want of consideration.

In *Frick Co. v. Hoff*, 128 N. W. (S. Dak.) 495, the court said: "It may be conceded that when a promissory note has been delivered to the payee and the only consideration therefor is one passing from the payee to the maker of the note, a person who subsequently signs or guarantees payment of the note is not bound without a new consideration."

#### GARNISHMENT OF BANK ACCOUNT.

**Procedure by creditor bank to garnish debtor's account in another bank in Oklahoma.**

From Oklahoma.—We had a customer that overdrew his account, and after trying to collect same he moved his business to another bank in the city,

and claims that our bank has beat him out of some money. Now we know that our account is correct, and the question we want to know is, can we garnish his account at the other bank and win the case? Any information you can furnish in this case will be appreciated.

An overdraft is in the nature of an irregular loan for which the customer is liable to the bank. You can sue your former customer in the proper form of action, to recover the money paid out on overdraft, and if you can prove that your account is correct, as you say, can recover judgment. You ask especially whether you can garnish your debtor's account in another bank in the same city.

The Oklahoma statute provides that "any creditor shall be entitled to proceed by garnishment in the district court of the proper county against any person (except a municipal corporation) who shall be indebted to, or have any property, real or personal, in his possession or under his control belonging to such creditor's debtor, in the cases, upon the conditions, and in the manner hereinafter described." (Comp. Laws Okla. [1909] Sec. 5711. [S. 1893, Section 4078].)

The statute then proceeds to describe the affidavit necessary to be filed to procure the issuance of the writ; the issuance of the writ by the clerk of the court, and its service upon the garnishee; the bond requisite to be given by the plaintiff; the bond required of the garnishee in order to retain the property pending a hearing on the writ; the answer of the garnishee to the writ or summons, etc. The statute further provides that when the garnishment is not in aid of execution, no trial shall be had of the garnishee action until the plaintiff shall have judgment in the principal action, and if the defendant have judgment, the garnishee action shall be dismissed with costs.

In view of the above there appears to be no reason why, as soon as the principal action is brought, you should not proceed at once by writ of garnishment, pendente lite, against the bank in which your former customer now keeps his account.

#### NEGOTIABILITY OF NOTE.

**Effect upon negotiability of clause: "It is agreed that failure to pay any one note at maturity shall, at the option of the holder, mature all unpaid notes of this series."**

From Maryland.—Is a note negotiable or non-negotiable, in which there appears a clause such as the following:

"It is agreed that failure to pay any one note at maturity shall, at the option of the holder, mature all unpaid notes of this series."

The writer finds that in a good many sections of this country, many notes are issued in which upon the happening of some certain event, that usually at the option of the holder, unmatured notes become payable at once, a clause of course being in each note to this effect, and it is his impression that under the Negotiable Instruments Act, that this renders a note non-negotiable by reason of the fact that the maturity date is not fixed at some certain definite time.

Notes of this character have been held both negotiable and non-negotiable in different jurisdictions. The highest court in the country, the Supreme Court

of the United States, has declared in favor of their negotiability; while some of the state courts have held the contrary. The question therefore is not universally settled one way or the other.

In *Chicago Ry. Co. v. Merchants' Bank*, 136 U. S. 268, it was held that the negotiability of a promissory note (one of a series of twenty-five issued at the same time) was not affected by the fact that it might, at the option of the holder, and by reason of the default of the maker upon one or more of the other notes of the series, become due at an earlier date than that fixed. Mr. Justice Harlan, in the course of a long opinion, and an exhaustive review of the authorities, said, *inter alia*: "Without deciding whether the notes here in suit would or would not have been negotiable securities if the transaction between the parties had been a conditional sale, we are of the opinion, that they are of the class of instruments that are negotiable according to the law merchant, and which, in the hands of a bona fide holder for value, are protected against defenses of which the maker might avail himself if sued by the payee. They are promises in writing to pay a fixed sum of money to a named person or order, at all events, and at a time which must certainly arrive. *Ackley School District v. Hall*, 113 U. S. 135, 139, 140; *Story on Promissory Notes*, Sec. 27; *Cota v. Buck*, 7 Met. 588. It is true that, upon the failure of the maker to pay the principal and interest of any note of the whole series of twenty-five, the others would become due and payable; that is, due and payable at the option of the holder. But a contingency under which a note may become due earlier than the date fixed is not one that affects its negotiability."

Before the passage of the Negotiable Instruments Act a number of state courts held that a note payable at a fixed time, but with an option to the maker to pay the note before the time fixed, was negotiable. Thus in *Mattison v. Marks*, 31 Mich. 421, an action on a note payable on or before a certain day, the court, by Cooley, J., said: "The legal rights of the holder are clear and certain; the note is due at a time fixed, and it is not due before. True, the maker may pay sooner if he shall choose, but this option if exercised would be a payment in advance of the legal liability to pay, and nothing more. Notes like this are common in commercial transactions, and we are not aware that their negotiability is ever questioned in business dealings. It ought not to be questioned for the sake of any distinction that does not rest upon sound reason." But in this same jurisdiction, it was held later than an instrument promising to pay a stated sum, with interest, "on or before two years after date," but providing that if it be paid within one year no interest shall be paid, is not negotiable, as it lacks certainty in time and amount. *Story v. Lamb*, 52 Mich. 525. In *Cowing v. Cloud*, 16 Colo. App. 326, it was held that a promissory note made payable on a certain date is not rendered non-negotiable by a provision giving the maker an option to pay it before maturity.

This rule is carried into the Negotiable Instruments Act by the provision that "an instrument is payable at a determinable future time within the meaning of this act which is expressed to be payable . . . on or before a fixed or determinable future time specified therein. . . ." And instruments pay-

able "on or before" a specified time, the option resting with the maker, are quite universally made negotiable by virtue of this act.

Where the note gives the option to the holder to mature it earlier than the time fixed therein, the decisions have been in conflict as to the effect of such option upon negotiability. In *Clark v. Skeen*, 61 Kan. 526, it was held that a note for the payment of a certain sum at a fixed date is not rendered non-negotiable by a stipulation that upon default in the payment of interest the whole amount shall become due at the option of the holder, and then draw a greater rate of interest. And in *First Nat. Bank v. Garland*, 160 Ill. App. 407, an option to declare the principal due upon default in payment of interest does not affect the negotiable character of the instrument. But in *Pierce v. Talbot* (Mass. 1913), 100 N. E. Rep. 553, it was held that a note secured by mortgage, which authorizes the maker to anticipate payment of the whole or any part of the amount of the note, is not negotiable. See also *Stutts v. Silva*, 119 Mass. 137, wherein an election of the holder to call for payment at an earlier time than that fixed in the note was held to destroy negotiability.

Coming again to the precise form of note in question, which we have seen has been held negotiable by the Supreme Court of the United States, we note a contrary decision by the Supreme Court of Iowa in 1909 under the Negotiable Instruments Act. *Iowa Nat. Bank v. Carter*, 123 N. W. 237. In that case the court said:

"The notes and chattel mortgage were all executed at the same time, and as a part of the same transaction, and the chattel mortgage contained this provision: 'If the said party of the first part shall sell, assign, dispose of, or attempt to sell, assign, or dispose of, or remove from said county of Iowa without the written consent of said Port Huron Machine Company, Limited, the whole or any part of said goods or chattels, or if at any time the said party of the second part . . . shall deem themselves insecure, then the whole amount of said sum of money in said notes mentioned, which shall not have been paid, . . . shall be immediately due and payable.' Again, each note contained this provision: 'In case of default in the payment of this note, the said Port Huron Machinery Company, Limited, shall have the option to declare any or all other notes given for the purchase price of said property to be at once due and payable.' It is argued that these provisions render the notes uncertain both as to time and amount of payment. It is fundamental, of course, that to make a note negotiable it must be certain both as to time and amount of payment. Section 3060-a1, Code Supp. 1907. By section 3060-a4 of the same code it is provided: 'An instrument is payable at a determinable future time, within the meaning of this act, which is expressed to be payable, (1) at a fixed period after date or sight; (2) on or before a fixed or determinable future time specified therein; or (3) on or before a fixed period after the occurrence of a specified event, which is certain to happen, though the time of happening be uncertain.' An instrument payable upon a contingency is not negotiable, and the happening of the event does not cure the defect. Before the adoption of the Negotiable Instruments Law, we had held that these provisions in a note and mortgage rendered

it non-negotiable. See *Smith v. Marland*, 59 Iowa, 645, 13 N. W. 852. See, also, *Culbertson v. Nelson*, 93 Iowa, 187-197, 61 N. W. 854, 27 L. R. A. 222, 57 Am. St. Rep. 266; *Sawyers v. Campbell*, 107 Iowa, 397-402, 78 N. W. 56. Since the general adoption of the Negotiable Instruments Act, the courts have held to the same doctrine. See *Roblee v. Bank*, 69 Neb. 180, 95 N. W. 61, which contains a review of the authorities upon this proposition."

Without taking time for a complete review of the authorities, enough is shown in the above to indicate that with regard to the form of note inquired of, there is a conflict of authority as to its negotiability, and it would not be safe for a bank to deal with such instruments on the theory that they were negotiable, unless in any particular case the note was governed by the law of some jurisdiction which has specifically declared such instruments to be negotiable.

### LIEN OF OHIO BANK ON STOCK.

By statute in Ohio, bank has lien on stock owned by its debtors and may refuse to transfer same until indebtedness is satisfied—Ohio decisions cited.

From Ohio.—We read with interest your opinion regarding the statute in Arkansas, "Bank's Lien on Stock," as published in March issue of the JOURNAL, and as we have a case of this character, but the stock has not been transferred to our knowledge, nor no dividends paid, we would thank you for information regarding our position under the Ohio laws.

The obligation of the maker is greater than the amount of the stock, and his affairs are being administered, but with small chance of paying his outstanding obligations.

Are you of the opinion we would be within our rights to refuse to transfer the stock in his name, should it be presented for transfer to another party, and other general information you have as to general procedure as you find the case applies under the Ohio laws.

I think your bank would have the right to refuse to transfer stock standing in the name of a holder who is indebted to you, until his indebtedness is fully satisfied.

At common law a bank had no lien on the stock of its stockholders, and a private unincorporated bank had no lien on the shares of its members for their indebtedness. *Utica Bank v. Smalley*, 2 Cow. (N. Y.) 77; *Merchants' Bank v. Shouse*, 102 Pa. S. 488; *New Orleans Nat. Bank v. Wiltz*, 4 Woods (U. S.) 43, 10 Fed. 330. By charter or general law, however, a stockholder may be prevented from selling his stock while indebted to his bank, *Duncan v. Biscoe*, 7 Ark. 175; *Farmers' Bank v. Haney*, 87 Iowa 101; *Mohawk Nat. Bank v. Schenectady Bank*, 151 N. Y. 665; *Cecil Nat. Bank v. Watsontown Bank*, 105 U. S. 217, and if he sell or assign it, the purchaser or assignee acquires only an equitable interest to whatever may be left after discharging the stockholder's indebtedness to the bank. *Mobile Mut. Ins. Co. v. Cullom*, 49 Ala. 558; *Mechanics' Bank v. New York, etc., R. Co.*, 13 N. Y. 599; *Brent v. Washington Bank*, 10 Pet. (U. S.) 596.

In Ohio the statute provides as follows: "The capital stock of every company shall be divided into shares of fifty dollars each, which shall be deemed personal property, and shall only be assignable on the



books of the company, in such manner as its by-laws shall prescribe; each bank shall have a lien upon all stock owned by its debtors, and no stock shall be transferred without the consent of a majority of the directors, while the holder thereof is indebted to the company." Laws Rev. Stat. Ohio (1905) Sec. 6184.

Under the above statutory provision, your bank would have the right to refuse to make the transfer until the indebtedness was paid or, in other words, would have a lien on the stock for such indebtedness.

The following decisions by Ohio courts relating to a bank's right of lien on its stock for indebtedness of its stockholder, either by virtue of statute or of some express provision in the certificate of stock, are cited for your information.

*Stafford v. Produce Exchange Bank Co.*, 61 Ohio St. 160, holding that a corporation organized to do the business of a savings and loan company may, by an express stipulation in the certificate of stock issued by it, reserve a valid lien upon the stock to secure the debts of the holder of it; and such lien may be asserted against a transferee who receives the stock before, but does not present it for transfer on the stock book of the company until after the original holder becomes indebted to the corporation.

*Downer v. Zanesville Bank, Wright* (Ohio) 477, holding that where a stockholder in a bank dies, leaving notes at the bank unpaid, on some of which the time of payment had expired and on others not, the bank had a lien on the stock as collateral security for all the notes, and could not be compelled to transfer the stock till they were paid.

*Franklin Bank v. Commercial Bank*, 5 Ohio Dec. Rep. 339, holding that a bank issuing stock by virtue of a statute similar to the one above quoted had a valid lien upon the same for any indebtedness to it of the stockholder incurred before notice of an assignment of the stock by the stockholder.

A bank in Ohio, chartered and known as a savings and loan association, has power to create a lien in its own favor upon its stock at the time it issues the same. *Stafford v. Produce Exch. Bank Co.*, 16 Ohio Cir. Ct. Rep. 50, 8 O. C. D. 483; see also *Bellevue Bank v. Higbee*, 2 O. C. D. 512, 4 Ohio Cir. Ct. Rep. 222.

#### INCREASE OF NATIONAL BANK STOCK.

**Where stock of national bank is increased by vote of necessary number of shareholders and resolution authorizing increase fixes premium at which new stock shall be sold, opinion that stockholder not participating or voting for increase has right to purchase his proportion of new shares at par.**

From Delaware.—In the increase of the capital stock of a national bank, where the shareholders by a two-thirds vote, vote to increase the capital and in the resolution authorizing the increase, fix a price at which the new stock shall be sold, can a shareholder demand his share of the new stock at par, or at a price less than the price fixed in the resolution?

If the shareholder participated in the meeting and voted for the resolution increasing the capital stock and fixing a price above par at which the stock should be sold, I believe he would be bound by such action and would be estopped from claiming his otherwise legal right to participate in the purchase of his proportionate share of the new stock at par.

But in the case of a shareholder who did not participate in the meeting and vote for the increase, I think he would be entitled to demand his share of the new stock at par, although less than the price fixed in the resolution, unless, of course, such right was curtailed by some provision in the charter or articles of Association of the bank. This conclusion is reached from an examination of the authorities involving the rights of shareholders in domestic corporations in such cases, some banking and some industrial, but none so far as found have involved the rights of shareholders of national banks in case of increase of their capital stock. But, by analogy, the same rule should apply to shareholders in national banks as to shareholders in other corporations.

I would cite the following authorities as bearing on the subject in support of the conclusion reached. I do not refer to the provisions of the National Bank Act relative to increase of capital stock as I presume you are familiar with such provisions.

Cook, in his work on Corporations (1 Cook on Corporations [4 ed.] Sec. 286), lays down this rule: "When the capital stock of a corporation is increased by the issue of new shares each holder of the original stock has a right to offer to subscribe for and to demand from the corporation such a proportion of the new stock as the number of shares already owned by him bears to the whole number of shares before the increase. The pre-emptive right of the shareholders in this respect to new stock is well recognized. *Gray v. Portland Bank*, 3 Mass. 364; *Miller v. Ill. Cent. R. Co.*, 24 Barb. [N. Y.] 312; *Wilson v. Bank*, 29 Pa. St. 537; *Mason v. Davol Mills*, 132 Mass. 76. . . . The corporation cannot compel the old stockholders upon their subscription for new stock to pay more than par value therefor. They are entitled to it without extra burden or price beyond the regular par value. An attempt to deprive the stockholder of this right will be enjoined in the absence of laches or acquiescence. The courts go very far in protecting the right of stockholders to subscribe for new stock. It is often a very important right." *Cunningham's Appeal*, 108 Pa. St. 546, holding that an insurance company in increasing its capital stock must do so either by pro rata allotment at par to its stockholders or by independent and voluntary subscription as in the formation of a new company; that the stockholders cannot be charged a bonus on the stock to which they are entitled to subscribe. *De La Cuesta v. Ins. Co.*, 136 Pa. St. 62; *Jones v. Concord, etc., R. Co.* [N. H.] 30 Atl. 614.

The above rule was cited, with approval, in *Stokes v. Continental Trust Co.*, 186 N. Y. 285, 295, where it was held that a stockholder in a domestic corporation has an inherent right to a proportionate share of new stock issued for money only and not to purchase property for the purposes of the corporation or to effect a consolidation. In that case, where officers, directors and stockholders acting in good faith for the benefit of the corporation, voted to accept a proposition to double its capital stock and to sell all the shares of the new stock to the person making the proposition, for 4½ times the par value, a dissenting stockholder, in the absence of statutory provisions or conditions in the charter of the corporation, was held to have no vested right to purchase at par a portion of such new stock proportionate to the amount

of shares already held by him, and he could not recover damages for the failure of the corporation to so sell to him.

"Where there is a statute permitting corporations to increase their capital stock by increasing the number of their shares, which shares are to be allotted pro rata to the shareholders according to their respective interests, it is not competent for the corporation to charge a bonus to the shareholders who receive the new shares in distribution, and equity should enjoin the company from refusing to allow a shareholder to receive his allotment at par without paying a bonus." 10 Cyc. 544. The rule is very similarly stated in 26 Am. & Eng. Encycl. Law, p. 948, and citing, among other authorities, *Hammond v. Edison Illuminating Co.* (Mich. 1902), 90 N. W. Rep. 1040, wherein it was held that a stockholder of a manufacturing corporation is entitled to purchase at par value his pro rata share of additional stock, increased pursuant to statute and his right cannot be restricted by a vote of other stockholders owning two-thirds of the stock, though at a regularly called meeting, requiring the payment of a premium therefor. See also *Bennett v. Baum*, 133 N. W. (Neb.) 439; *Strickler v. McElroy*, 45 Pa. Super. Ct. 165; *Bond v. Atlantic Terra Cotta Co.*, 122 N. Y. Supp. 425.

#### FORM OF CORPORATION SIGNATURE

Form of signature "John Smith Company, John Smith Treasurer" without prefix of word "by" before "John Smith," generally held to be signature of corporation alone.

From Maine.—The question has arisen here as to whether or not a corporation is held in case of an order, note, or agreement signed in form as follows:

"Specimen Corporation,  
John Smith, Treasurer."

Is it necessary that the signature be in the following form:

"Specimen Corporation,  
By John Smith, Treasurer,"

or,

"Specimen Corporation,  
By John Smith, its Treasurer."

In a few States the form of signature "John Smith Company" with "John Smith, Treasurer" underneath without the prefix of the word "by" is held to import an obligation both of the company and of John Smith individually; but in the greater number of States such form of signature is held to bind the corporation alone. In Maine it has been held a corporation signature, *Castle v. Belfast Foundry*, 72 Me., 167. In Massachusetts, the Supreme Court, speaking of such a form of signature, said: "It would have been better if the name of the principal had been inserted in the body of the contract as the contracting party, or if the word 'by' had preceded Fuller's name in the signature. But the omission does not change the apparent character of the instrument, and the whole taken together shows it to be the signature of the Massachusetts Steam-heating Company and not of Fuller." *Draper v. Mass. Steam-heating Company*, 87 Mass. 338.

#### USURY BY NATIONAL BANK.

Where usurious interest charged but not paid, entire interest is forfeited and principal alone recoverable—Question whether provision for attorney's fee in note would be enforceable.

From Oklahoma.—Would you advise me the law in Oklahoma in regard to a national bank in the following case of usury:

Suppose A loans B \$100 for 90 days, and charges \$6 interest, making the note \$106. The note draws \$15 and 10 per cent. additional for attorney's fee. At the expiration of the time, B takes advantage of the usury law. How much on this note can he be forced to pay?

A national bank is permitted to charge interest at the rate provided by the law of the State, but the penalty for usury is fixed by Congress, and is exclusive of the State law. The National Bank Act provides that a national bank which charges usurious interest shall forfeit the entire interest; or if the usury has been paid, then twice the amount thereof may be recovered. U. S. Rev. St. Section 5198; *Oates v. Montgomery First Nat. Bank*, 100 U. S. 239.

In your case the usury was charged but not paid, and the penalty would be forfeiture of the entire interest, leaving the principal recoverable from B. But the note, in addition to the \$6 usurious interest, provides for an attorney's fee of \$15 and 10 per cent. additional, and the question arises would this be regarded as interest, so as to be forfeited, in addition to the \$6, leaving \$100 as the sole amount recoverable, or could the attorney's fee be recovered from B in addition to the principal amount of the note? Your Supreme Court in *Meador v. Johnson*, 112 Pac. 1121, referring to the National Bank Act, says: "Under the penalty prescribed by this statute, only the interest, where it has not been paid, is forfeited for violation of the statute . . . but the usurious element of the contract does not vitiate the entire contract." A note, therefore, providing for usurious interest and also a reasonable attorney's fee would be valid and the amount recoverable, except as to the interest; that is to say, both the principal sum and the attorney's fee would be recoverable, as the forfeiture only applies to the interest and to no other part of the contract. But in your particular case, where the note is only for \$100 and the provision is for attorney's fee of \$15 and 10 per cent. additional, the court might take the view that this amount was excessive and a cover for usury, in which event, neither the \$6 nor the attorney's fee would be recoverable, but only the principal sum of \$100. Whether the court would take this view or not I cannot say; nor have I been able to find a case in a limited time taken for search, in which such a point has been decided.

#### FORGED CHECK.

Drawee's right of recovery from payee of money paid on forged check.

From Mississippi.—Some time back a party checked on this bank in favor of another bank for \$25. The check was sent around for collection from

the bank to whom it was payable through one or two other banks, and was finally paid by us. It afterwards developed that the check was a forgery, but as it was payable to a bank, it seems to me that they should protect us, even though we paid the check, because they should have had the party properly identified or have gotten a good indorser. Please let us know if this bank is liable to us for the check, as their indorsement is on same, and the rule we can find to substantiate it.

It is a general rule that a bank which pays a check to a bona fide holder on a forgery of the drawer's name cannot recover the money paid. See for example *Nat. Bank of Rolla v. First Nat. Bank*, 141 Mo. App. 719; *First Nat. Bank v. Bank of Cottage Grove*, 117 Pac. (Ore.) 293.

But where the holder is the payee it would seem that he should know with whom he is dealing, and if the check in such case is a forgery he ought to return the money received thereon from the drawee. It was so held in *National Bank of North America v. Bangs*, 106 Mass. 441, in which case the court intimated that it would have placed the loss on the drawee had the holder taken the check while in circulation or by first indorsement from the payee.

Upon the authority of this last cited case, you can substantiate claim for return of the money by the payee.

#### CHECK WITH REMITTANCE STAMP.

Effect of stamp on check: "The First State Bank of B— will remit for this check in eastern exchange, without charge."

From Minnesota.—Will you kindly advise me if the use of the stamp shown below on customers' checks would in any way render the bank liable for the payment of the check. That is, would its use have the effect of certification, or would it simply convey the information that the check will be paid at par?

The First State Bank of B— will remit for this check in eastern exchange, without charge.

I do not think the imprint referred to would have the effect of a certification or in any way make the bank liable for payment of the check, assuming of course that the stamp is put on blank checks which are prepared for use of the drawers and is not placed on the check by the bank after it has been signed and issued by the drawer.

It is simply a notice or statement of the drawer to the payee or other holder of the check that the drawee will remit for the check in eastern exchange, without charge, and it does not become binding on the bank until the latter makes payment.

A possible question might arise whether the stamp affected the negotiability of the check. In Minnesota it has been held that a written promise to pay a sum of money by "New York or Chicago exchange" is not negotiable. *First Nat. Bank v. Slette*, 67 Minn. 425; but to the contrary it has been held, under the Negotiable Instruments Act, that an instrument "payable in New York or Chicago exchange" is negotiable. *Security Trust Co. v. Des Moines County*, 198 Fed. 331. Your State of Minnesota has not, however, adopted the Negotiable Instruments Act as yet—it has been pending before your Legislature

this year—and if this imprint was to be construed as a contract between drawer and holder that the drawee would pay in eastern exchange, it might affect the negotiability of the check. I do not say it would; I am simply suggesting the question because, on the other hand, the check is in form an order on the bank to pay so many dollars, and the stamp might be construed not as relating to the contract of payment, which calls for money, but as simply an accompanying notice or agreement by the drawer with the holder that when the bank pays the check in money it will remit the amount, if desired, in eastern exchange without charge.

I would suggest, to avoid all question, that you add to the stamp the words "if desired." The Negotiable Instruments Act provides that "the negotiable character of an instrument otherwise negotiable is not affected by a provision which . . . gives the holder an election to require something to be done in lieu of payment of money." While, as said, the Negotiable Instruments Act has not, as yet, been passed in Minnesota, the rule of the law merchant is to the same effect, and the addition of the words "if desired" would give the holder an election, either to require payment in money at the place of the drawee or, in lieu of payment in money, the giving of eastern exchange, at par for the amount of the check.

#### INDORSEMENT OF CHECK.

Check payable to "Mrs. M. E. Smith," indorsed "M. E. Smith" is properly indorsed—Question considered of obligation of drawee to pay a check where indorsement is insufficient or irregular upon guaranty of indorsement.

From Arkansas.—We had a check on one of our Clearing House banks payable to Mrs. M. E. Smith. Mrs. Smith indorsed said check M. E. Smith, and it was indorsed by our Clearing House stamp containing the sentence "All prior indorsements guaranteed." Payment was refused. Had the drawee, in the first place, the right to refuse the check because the "Mrs." was omitted? What is the weight of authority as to using the prefix "Mrs." or "Miss" in signing names to or indorsing commercial paper? Secondly, had the drawee the right to refuse payment with our guarantee indorsement stamp, affixed?

I think the check payable to "Mrs. M. E. Smith," indorsed by the payee "M. E. Smith," was correctly indorsed. The prefix is no part of the name of the payee, but only a title used in addressing a married female and not generally used in making her signature, any more than are the prefixes "Miss" or "Mr." in making the signature of an unmarried woman or a man. I have previously published an opinion to the same effect, 2 Journal A. B. A., 233.

There have been a number of cases of contested indorsement under the law merchant from which it would appear that an indorsement need not be by the precise name of the payee as it appears on the face of the instrument. For example, it has been held in New York that the initials of the name of the holder of a bank check indorsed thereon are sufficient as an indorsement. *Merchants' Bank v. Spicer*, 6 Wend. 443; in Maryland that the middle name of an indorser need not be set out at length in his indorsement; *Hudson v. Goodwin*, 5 Harr. & J. [Md.]



115; in Maine that the indorsement of the surname alone is sufficient, *Cooper v. Bailey*, 52 Me. 230, where a negotiable promissory note, made payable "to the order of A. J. Lynn and W. Perkins," and indorsed "Lynn & Perkins," written by one of the payees, with the sanction and approval of the other, was held to be a sufficient indorsement, although there was no such firm as "Lynn & Perkins."

Nelson, C. J., in *Brown v. Butchers' Bank*, 6 Hill (N. Y.) 443, said: "A person may become bound by any mark or designation he thinks proper to adopt, provided it is used as a substitute for his name, and he intends to bind himself."

Indorsement by mark is a sufficient signature at common law, and by the law merchant. (*George v. Surry*, M. & M. 516, 32 E. C. L. 576.)

The Negotiable Instruments Act supplements the law merchant by the following permissive provision: "Where the name of a payee or indorsee is wrongly designated or misspelled, he may indorse the instrument as therein described, adding, if he think fit, his proper signature."

But while the indorsement of a payee, although not strictly conforming to the name specified on the face of the instrument, is valid and binding on him and sufficient to transfer title, the drawee of a check which has been irregularly indorsed would doubtless be justified in refusing payment without being responsible for dishonoring the instrument, until it has been given opportunity to verify the genuineness of the indorsement, and the practical way of facilitating payment in such case is generally by the tender and acceptance of a guaranty of indorsement by the bank presenting the check for payment. Where an indorsement is insufficient I do not believe, however, the drawee would be compelled to accept such guaranty, but would have the right to require the instrument to be sufficiently indorsed before making payment, and where the indorsement, though legally sufficient, is irregular, I think also it would not be compelled to make payment upon a guaranty of indorsement if it chose to decline same, but would be held entitled to reasonable opportunity to satisfy itself of the genuineness of the indorsement before making payment. In the present case, however, I think the indorsement without the prefix "Mrs." was perfectly regular and valid, and that the drawee should have honored the check, provided there were sufficient funds.

#### CONTRACT TO PAY COMMISSION ON SALE.

Where contract cancelled before expiration, opinion that broker may recover commission as contract founded on sufficient consideration.

From Georgia.—We would like your opinion concerning the enclosed contract:

I do hereby give to the John Doe Real Estate Agency the power of attorney, which is to remain in his hands for thirty days from date of contract, to sell my house for one thousand dollars. He is to receive a commission of five per cent. from sale of house. If I cancel contract I will pay the full amount of commission.

Dated this Jan. 1st, 1912. (Signed), J. Blank.

We would like to know if the John Doe Agency can collect commissions from J. Blank if he (J. Blank) cancels the contract during the life of same? The John Doe Agency does not pay anything for the contract or option, and up to the time of cancellation of contract does not find a buyer of house.

I think J. Blank would be liable to the John Doe Agency for the 5 per cent. commission under the facts stated. Your inquiry suggests the question whether the form of contract would be unenforceable by reason of want of consideration.

It is true that no consideration is expressed in the contract in *totidem verbis*, but it seems to me that there is a plainly implied consideration, namely, the employment of the John Doe Real Estate Agency as brokers to find a purchaser for the real estate of J. Blank; and in an action to recover their 5 per cent. commission, according to the terms of the contract, they might readily show by parol evidence the time and money expended by them in search of prospective purchasers as sufficient consideration to support the contract.

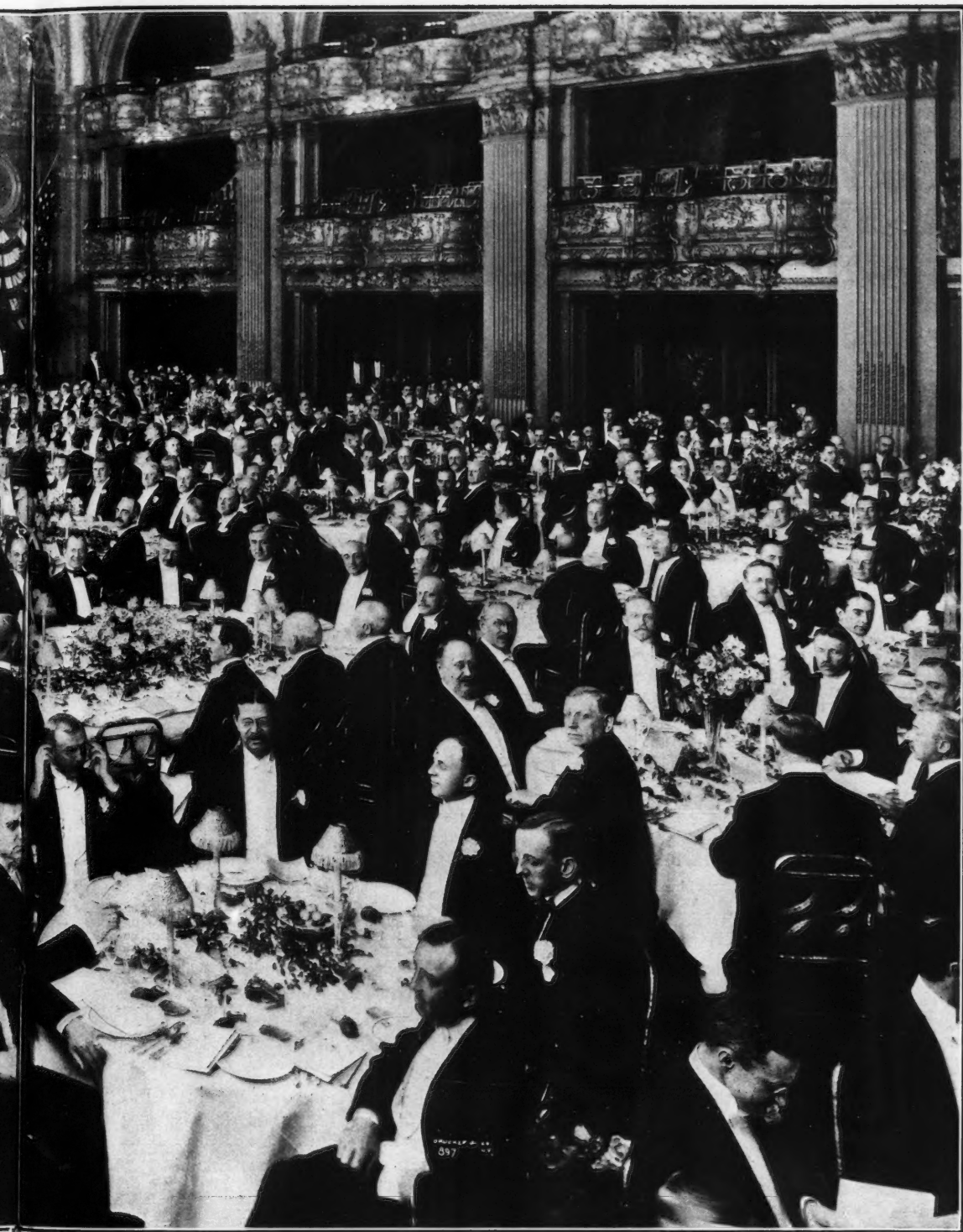
In *Kimmell v. Skelly*, 130 Cal. 555, it was held that the consideration for the contract of the owners to pay a commission, in a case where they themselves made sale during the existence of the contract, consisted of the agreed services of the brokers in attempting to find a purchaser, and if they performed such services, the fact that no purchaser was found by them could not defeat the contract.

Also in *Hoskins v. Fogg*, 60 N. H. 402, it was held that a contract to pay an agent a certain sum for selling a farm, and half the sum if the owner sells it outside the agent's influence, is upon a good consideration, and the agent, if prevented from making a sale by the owner's selling it outside his influence, can recover upon the contract the half sum agreed to be paid. The court said, *inter alia*: "The defendant agreed to pay the plaintiff \$150 for procuring a purchaser of his farm, and if he should not procure one and the defendant should, outside the plaintiff's influence, he would pay one half that sum. There was nothing unreasonable or unconscionable in the promise to pay \$150 for services in procuring a purchaser for his farm. The agreement to pay one half that sum if the defendant sold his farm himself was not an independent stipulation promising to pay the plaintiff for what he was not to do, nor for what the defendant was to do and did do himself, but a provision for paying the plaintiff for such services as he might render in the performance of the contract, and for any damages suffered by reason of being prevented from completing the performance. It was liquidated damages, intended to include the value of any services that might be rendered by the plaintiff under the contract, his expenses, and the damage from the defendant's preventing a full performance by selling his farm himself." See also *Gibson v. Gray*, 17 Tex. Civ. App. 646, to the same effect.

The above conclusion does not seem to me to contravene the well-established rule that one employing a broker to sell property may, notwithstanding, negotiate a sale himself, and if he does so without the agency of the broker, and before the latter has procured a purchaser, he is not liable to the broker for a commission.



THIRD ANNUAL SUBSCRIPTION BANQUET OF THE TRUST COMPANIES OF THE UNITED STATES, MEM



MEMBERS OF THE TRUST COMPANY SECTION AMERICAN BANKERS ASSOCIATION, MAY 8, 1913.



**SIGNATURE TO CHECK UNDER POWER OF ATTORNEY.**

Where customer gives power of attorney to another to sign his name to checks, signature of customer's name by attorney, without adding "per A Attorney" is sufficient, although bank would probably have right to insist upon attorney's name being added.

From South Carolina.—Will you kindly give us your opinion on the following question? We have a customer, A, who does his business in his wife's name, B; deposits money to her credit and signs her name to checks. B has given A power of attorney to sign her name to checks, but A refuses to sign his name under hers as attorney. Are we safe in paying these checks when A signs B's name without also signing, "per A Attorney?"

The general rule is that it is not essential that the agent's name appear at all, where he holds the proper power of attorney, and the only purpose of adding his name is for the purpose of evidence, by way of explaining the fact that the principal's undertaking and signature have been made not by himself in person, but through his duly authorized agent. See *Forsyth v. Day*, 41 Me. 382, holding that an agent authorized to sign the name of his principal effectually binds him by simply affixing to the instrument the name of his principal, as if it were his own name; *First Nat. Bank v. Loyhed*, 28 Minn. 396, to the same effect; 1 *Daniel Neg. Inst. Sec.* 299; 1 *Parsons, Bills & Notes*, 91, 92.

The bank therefore would be safe in paying checks signed in B's name by A without the addition of A's name as attorney.

At the same time, if the bank deemed that it would be better protected if A's name were added, I think it would have the right to insist that A should sign as attorney. The bank is a party to the agreement with its customer as to the form of signature to checks and where, by power of attorney, the customer rearranges that another person shall sign, it would

seem the bank would have a right to insist upon a form satisfactory to it.

**PROTEST OF FORGED CHECK.**

A forged check is not properly protestable nor is demand and notice of dishonor necessary to hold an indorser who is liable to an indorsee as warrantor of genuineness—Agent holding such paper is duly diligent by giving notice of forgery within reasonable time.

From Wisconsin.—We have had several checks presented to us for payment within the last few days on which the signature of the drawer has been forged. In all cases we have protested the checks, but our interpretation of Section 23 of the Negotiable Instruments Act leads us to believe that protesting is not necessary on a forged check. Will you kindly give us your opinion of this matter?

The ordinary rules which require demand and notice and permit protest to hold an indorser and which require protest in case of foreign bills do not apply where the instrument is forged. The indorser in such case is liable to a subsequent holder as warrantor of genuineness, and it does not require protest, nor formal demand and notice of dishonor, to preserve his liability. See, for example, *Rossi v. National Bank of Commerce*, 71 Mo. App. 150, wherein it was held that upon discovery that the payee's indorsement has been forged, no protest or notice of dishonor is necessary to fix the liability of an indorser upon his warranty of the genuineness of the forged indorsement, reasonable notice of the forgery being sufficient.

In the present case, the signature of the drawer to the checks has been forged, and your bank, the drawee, holds the same as agent of the presenter for such action as may be necessary. In such case neither protest nor formal notice of dishonor is necessary, but simply a return of the paper with reasonable diligence to the sending bank with information of the fact that the checks are forgeries.

**NEW HAMPSHIRE TO THE FRONT.**

**T**WENTY years ago, New Hampshire had a State Bankers' Association. Shortly after the discontinuance of that Association's activities, The Northern Bankers' Association, comprising the States of Vermont and New Hampshire, was organized, which has been a flourishing organization. In 1909, Vermont formed a State Bankers' Association.

A few days ago, a number of New Hampshire bankers met in the Directors' Room of the First National Bank, of Concord, New Hampshire, and formally reorganized the old New Hampshire Bankers' Association. It was found that the books and papers of the old Association were all intact and that the Constitution and By-Laws were all right with one or two minor changes.

This rejuvenated State Association starts off under excellent circumstances from a financial standpoint as well; and, as an illustration of what can be accumulated in the way of interest, it may be noted that when the old Association went out of

business, in 1892, there was a balance in the treasury of \$250. This amount was left undisturbed, and now the new Association has \$506 to its credit.

It is proposed to hold a mass meeting in Concord in the near future for the purpose of enrolling members, electing officers, and inaugurating the active work of the Association.

The New Hampshire bankers realize that, under the present Constitution of the American Bankers Association whereby only State Bankers' Associations are recognized, New Hampshire in order to receive proper recognition and have something to say concerning the election of a member of the Executive Council, should have a State Association, and the present Association begins its career under most favorable auspices.

There are now only two States in the Union without State Bankers' Associations, Rhode Island and Delaware, and it behooves these States to become active and complete the great aggregation of State organizations.



# PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

## OFFICES OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

CALIFORNIA, LOS ANGELES.—Walter P. Story Building.  
CALIFORNIA, SAN FRANCISCO.—First National Bank Building.  
COLORADO, DENVER.—First National Bank Building.  
GEORGIA, ATLANTA.—Empire Life Building.  
ILLINOIS, CHICAGO.—First National Bank Building.  
LOUISIANA, NEW ORLEANS.—Whitney Central Building.  
MARYLAND, BALTIMORE.—Munsey Building.  
MASSACHUSETTS, BOSTON.—201 Devonshire Street.  
MICHIGAN, DETROIT.—Ford Building.  
MINNESOTA, MINNEAPOLIS.—McKnight Building.  
MINNESOTA, ST. PAUL.—New York Life Building.  
MISSOURI, KANSAS CITY.—Midland Building.  
MISSOURI, ST. LOUIS.—Frisco Building.

NEW YORK, BUFFALO.—White Building.  
NEW YORK, NEW YORK CITY.—Woolworth Building.  
OHIO, CLEVELAND.—Rockefeller Building.  
OREGON, PORTLAND.—Yeon Building.  
PENNSYLVANIA, PHILADELPHIA.—New Stock Exchange Building.  
PENNSYLVANIA, PITTSBURGH.—Commonwealth Building.  
TEXAS, HOUSTON.—Union National Bank Building.  
WASHINGTON, SEATTLE.—Hinckley Block.

## CORRESPONDENTS OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

IOWA, DES MOINES.—The Gus. J. Patek Detective Agency, 515 Mulberry Street.  
ENGLAND, LONDON.—Arrow's Detective Agency, 89 Chancery Lane.  
FRANCE, PARIS.—Calchas & Debisschop, 15-17 Rue Auber.

THE following is a report for the month of April, 1913, pertaining to the work of the Protective Department:

### ANNOUNCEMENT.

Our detective agents, the William J. Burns National Detective Agency, Inc., announce the removal of their New York office from the Park Row building, to the seventh floor of the Woolworth building. They took possession of their new quarters on April 23, 1913.

### WARNING!

C. PERRY is wanted by our agents for a forgery committed on a bank member of Los Angeles, California. Perry was employed by a Mr. Fighiera and forged his name to a check and in this way succeeded in obtaining a sum of money. He is described as follows: Age, 22 to 25 years; height, 5 feet 5 inches; weight, 150 pounds; build, rather stocky; hair, brown; eyes, gray or blue; dress, blue serge suit. The California Bankers' Association is co-operating with this Association in this matter.

Specimen of Perry's handwriting reproduced below.

*C. Perry.*

A bank member at Watsonville, California, reports having cashed a check bearing a forged endorsement. It has been ascertained by the San Francisco office of our detective agents that the check was cashed by one CHARLES MURRAY whose description is as follows: Age, 23 years; height, 5 feet 8 inches; weight, 150 pounds; hair, sandy and curly; eyes, gray; complexion, freckled; build, square shoulders; holds head down and to one side; smooth shaven; has letters "C. M." tattooed on one of his hands. This Association is co-operating with the California Bankers' Association in this matter.

JAMES LATIMORE HIMROD is reported by a bank member at Boise City, Idaho, as drawing worthless checks on them. Himrod formerly had an account at the bank in question. He is said to be circulating this worthless paper in the states of Pennsylvania,

Massachusetts and New York. A specimen of his handwriting is reproduced herewith.

*James Latimore Himrod.*

Himrod is described as follows: Age, 45 to 50 years; height, 5 feet 11 inches; weight, 165 pounds; dark hair; smooth shaven; slender build; dark complexion. Represents himself as a playwright and actor; talks very fast and acts nervous; haughty and important; dresses carelessly.

A Chicago, Illinois, bank member reports the forgeries of three checks, recently drawn in favor of persons employing the following names: Stella Rose, Mrs. Jean H. Weaver and Clarence R. Vosberg. The signatures of these checks were an exact imitation of the signatures of the depositors' names which were forged, and were passed upon by the proper officer before being paid by the teller.

A very appropriate time was chosen by these swindlers for presenting these checks as they appeared in line just before the closing of business on Saturday, and during the rush hour. It is impossible for the bank officials to give any description of these parties.

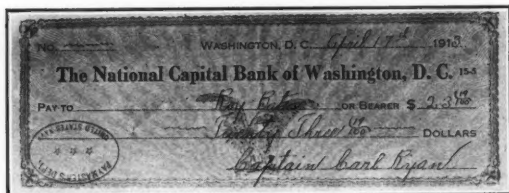
Our detective agents are investigating a forgery by which a bank member at Chicago, Illinois, is a loser. The name of a depositor of the bank was forged to the check. Handwriting of the forger is reproduced below.

*Brann  
Forty five*

Recently a report was received from a Chicago, Illinois, bank, non-member, of a young lady attempting to pass a bogus check, purporting to be signed by a physician. This young lady represented herself as the stenographer in the doctor's office, and that was her salary check. The bank telephoned to the phy-

sician, but the young lady disappeared during the time, and has not since been seen. Reports from several cities indicate that she has worked the banks and merchants in a number of places, in each instance representing herself as a physician's stenographer.

A member bank of Kankakee, Illinois, recently reported the operations of a bogus check operator, who has been drawing fraudulent checks against their bank in sums ranging from \$5 to \$50, and cashed them in a number of eastern cities; usually these checks bear Polish endorsements. The member bank has suffered no loss, but is annoyed by the regularity with which these checks make their appearance.



Attired as ordinary seamen of the United States Navy, in the regulation blue uniform, with caps bearing the name "U. S. S. Dakota," young men apparently in the twenties are cashing bogus checks in different parts of the country. The last place they were heard from was in Chicago, Illinois, where they succeeded in cashing the check which is reproduced above. These checks are all counter checks of the National Capitol Bank of Washington, D. C. These operators represent that the checks are given to them by a paymaster in the U. S. Navy.

A bank member at Des Moines, Iowa, has reported that a party using the name HARRY ROBERTS has stolen some checks belonging to a customer. The checks bear the imprint of the Culinary Alliance, Local No. 223. He has issued a number of these checks to which he has forged the name of Charles Gay, President and Frank Dowie, Treasurer. One of the checks was cashed by the bank member. This Association is co-operating with the Iowa Bankers' Association in this matter.

A man using the name of S. SHUTT is reported by a bank member at McLeansboro, Illinois, as having passed a bogus check. The handwriting of this swindler, which is reproduced below, has been identified by our detective agents as that of Abraham J. Johnson, whose operations have been reported in several issues of the JOURNAL.

Johnson poses as a farmer wanting to buy a farm, induces real estate dealers to show him their land and then has them to introduce him to a bank. He then makes a draft which he cashes owing to his introduction by a leading business man.

Johnson is described as being 52 years of age; 5 feet 7 inches tall and weighing about 125 pounds. Has dark hair, streaked with gray; is slightly stooped-shouldered; has asthma and coughs a great deal.

Johnson also uses the names of W. H. Martin, W. H. Haller, W. H. Harter and G. M. Forder.

A man named C. G. JONES recently cashed some checks in Coffeyville, Kansas, which were drawn on a bank at Welch, Oklahoma. He knew at the time that he did not have sufficient funds to take care of his checks. We understand that Jones frequently does this, and depends on his relatives to square the matter for him. They have given notice, however, that they will not

be responsible for any more of his worthless checks, and banks throughout Southern Kansas and Oklahoma should be on their guard against this man.

His handwriting is reproduced below.

W. W. WOOD recently swindled a real estate man in Blue Rapids, Kansas, by means of a worthless check. Wood is described as follows: Age, 48 to 50 years; height, 5 feet 7 inches; weight, 155 pounds; build, stout; complexion, light; eyes, blue or gray; hair, sprinkled with gray; stubby mustache.

This man represented himself as being in the market for a farm, and in this way induced the real estate man there to endorse his check for \$42. Banks should be on their guard against the operations of this swindler.

GUY SCOTT is charged by a membership bank at Greenleaf, Kansas, for a breach of trust. Scott was accommodated at this bank in a shipment of horses, and had previously settled through the bank there, but on this occasion he failed to do so, and has not been seen since shipping his horses to Kansas City, on March 27, 1913.

This man is a horse dealer and claimed to be going to Lusk, Wyoming, to buy horses from the Indians. Membership banks should be on the lookout for this man. He has a brother at Lusk, and banks in Wyoming should be on their guard, as he will probably attempt to swindle some one there. Scott's parents live in Greenleaf, Kansas.

T. A. HUNTER is reported by a non-member bank at Hoisington, Kansas, as defrauding one of their customers in the sum of \$150. Hunter claimed to be a cattleman and employed a prominent man in Hoisington to oversee his business, and having negotiated for a ranch in that territory, he authorized this man to buy fencing, etc., for his ranch, and then induced him to endorse a sight draft for \$150, turning \$50 over to the endorser, and keeping the remaining \$100 himself.

Hunter is described as follows: Age, 40 to 45 years; height, 5 feet 6 or 7 inches; weight, 175 pounds; smooth face, hooked nose; wore a Shriner pin, claiming to be a Shriner.

Bank members should be on their guard against the operations of this swindler. He claims to be well acquainted in Colorado and Western Kansas.

We are informed by our detective agents at Boston, that CHARLES ATWOOD, who has been employed at one of the Boston, Massachusetts, hospitals as general utility man, on April 15th, 1913, forged the signature of his employer as endorsement on check which has been given to him by his employer for transmission to a grocer in payment of an account. Atwood took the check to a membership bank, presented same, and succeeded in obtaining the amount called for on the check.

Atwood is described as follows: Age, 19 years; height, 5 feet 1 inch; weight, 115 pounds; slight build; dark complexion; smooth face; black hair; dark, extremely bright eyes; appearance of an Italian; dressed in light gray, brown sack suit, tan shoes, well worn, gray cap and brown striped shirt.

Banks should be on their guard against a man using the name E. E. LOWE, who is supposed to be a telegrapher by profession. Lowe is described as follows: Age, 25 to 30 years; height, 5 feet 8 inches; weight, 150 pounds; build, medium; complexion, fair; eyes, dark; hair, dark; neat dresser.

Recently Lowe purchased a draft at a membership bank at Topeka, Kansas, with bogus check drawn on a bank at Springfield, Missouri. He had previously secured some counter checks at Spring-



field, and signed the name E. J. Smith; however, no such party carries an account at that bank. Lowe registers from Springfield, Missouri, and claims to be acquainted there. After securing the draft with his bogus check, he came to Kansas City, and disposed of same by making some purchases at a local jewelry store. Our detective agents are looking for this man, and a warrant is in the hands of the Sheriff at Topeka, for his arrest. A specimen of his handwriting is shown below.



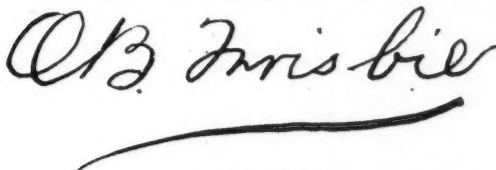
We are informed by our detective agents at Boston, Massachusetts, that on April 4, 1913, a woman called at a membership bank at Lowell, Massachusetts, and presented a pass-book bearing the name of Annie Hammersley, and stated that she desired to close the account. The money was paid to the woman who signed the name of Annie Hammersley. Later developments showed this signature to be a forgery and upon learning same the case was at once placed in the hands of our detective agents.

A member bank at Hattiesburg, Mississippi, on March 3, 1913, reported to our detective agents a loss by means of a worthless check presented by a party giving his name as O. B. FRISBIE.

Frisbie began operations by opening a small account with cash deposit of \$3.50, giving a fictitious street address, stating at the time that he intended going into the grocery business. Shortly after this Frisbie left for deposit a check signed by a second party. After being credited with the amount of the check deposited, he drew his check and presented the same to the paying teller, who upon being informed that the party had made a deposit, paid the check.

All member banks are warned to be on the lookout for this man who is described as follows: Age, 35 years; height, 5 feet 6 or 7 inches; weight, 135 to 140 pounds; build, slender, rather stoop-shouldered; complexion, swarthy; eyes, brown; hair, black; smooth shaven; long slightly pointed nose; speaks slowly and in a low tone; dress, dark clothes and soft black hat; ordinary appearance.

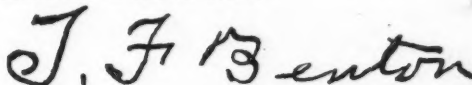
A reproduction of his signature appears below.



A man representing himself as T. F. BENTON induced the customer of a bank member of Ozark, Missouri, to cash a bogus draft for the amount of \$250. Sheriff I. H. Turner, of Christian County, Missouri, has offered a reward of \$100 for the arrest and conviction of the culprit.

Benton is described as being between 40 and 50 years of age; 5 feet 7 or 8 inches tall and weighing about 170 pounds. Has medium dark complexion, dark eyes, dark hair, slightly streaked with gray, smooth shaven. Well dressed and of good appearance.

Looks like a Hebrew and is a heavy drinker. He represented himself as a mining engineer. Wore a Shriner's emblem and claimed to be a member of Bagdad Temple, Butler, Montana. A specimen of his handwriting is shown below.



A man named J. A. KATZ recently swindled a membership bank at Kansas City in the following manner. Katz negotiated with a depositor of the bank and finally sold him a diamond ring. At the time of the sale the depositor gave Katz a check, dating it two days ahead, and it was the understanding that the check was not to be cashed until the date it bore, which would give the buyer sufficient time to have the diamond examined. However, Katz immediately went to the bank on which the check was drawn, and being slightly acquainted with one of the officials, had the check cashed. The morning the check became valid, the signer notified the bank to stop payment on the check, as the diamond had proven to be worthless.



ROLLA CRISMAN.

ROLLA CRISMAN, alias E. S. Evertson, alias McFarland, alias Wikon, a vaudeville performer and black face comedian, whose photograph is reproduced above, is wanted by our detective agents on a charge of forgery, he having defrauded a bank member at St. Louis, Missouri. Crisman is accused of stealing a check from a rooming house in St. Louis and forging the endorsement.

Crisman is described as being 35 years of age; 5 feet 8 inches tall and weighing 130 pounds. Is of slender build; has reddish blonde hair; light gray eyes; ruddy complexion; thin face; sunken cheeks and prominent nose; four upper front teeth false; skin coarse from use of grease paint; face shows muscular action when talking and wrinkles at corners of mouth; speaks hesitatingly. Is accompanied by a seventeen-year-old girl, known as "Mabel." A warrant for his arrest is held by Joseph F. Dickmann, sheriff of the city of St. Louis, Mo. A reward of \$50 is offered by the bank he defrauded for his arrest and detention.

A warrant for the arrest of CHARLES FORESTER, charging him with forgery, is in the hands of Joel Mooneyham, sheriff of Saline County, Missouri, and our detective agents are making a search for him.

Forester is accused by a bank member at Harrisburg, Illinois, with defrauding them by means of a forged check.

Forester is described as being 26 years of age; 6 feet 1 inch tall and weighing about 175 pounds; smooth shaven; has light brown hair and a scar from gun

shot wound on one side of body. He is a stepson of Leonard Edwards, whose name was forged to the check. A reproduction of Forester's handwriting is shown below.

*Charles Forester*

A membership bank, of Wibaux, Montana, reported that E. MARSHALL forged a check and shortly after same was cashed by their bank, Marshall left for the coast.

E. Marshall is described as being 5 feet 10 inches tall; weighing 170 to 180 pounds; dark hair; blue eyes; and has a prominent scar over the left eye, about one inch long. He has worked as bartender, laborer and also in a lumber camp. Sheriff J. D. Winn, of Glendive, Montana, holds warrant for the arrest of E. Marshall on a charge of forgery.

H. M. ROSE, who was reported on page 675 of the April, 1913, JOURNAL, is described as being about 40 years of age; 5 feet 8 or 9 inches tall; has light complexion and is smooth shaven. About a year ago he was in an automobile accident and his injuries necessitated taking several stitches in his scalp and top of forehead.

A forger using the name of DWIGHT CRANFORD and posing as a physician in the employ of the state, is reported as having succeeded in passing two bad checks at Hudson, N. Y. One was cashed by a hotelkeeper and the other by a druggist.

The forger is described as being about 30 years of age; 5 feet 7 inches tall and weighing about 125 pounds. Has fair complexion; light brown hair and is smooth shaven. Wears glasses and has a scar from right nostril to center of right cheek. Crown of head bald. He has either been a practicing physician or employed as salesman, calling on physicians and druggists, as he had a general knowledge of medicine and surgery. He represented that he was touring the state looking for suitable sites for tuberculosis hospitals and was testing water. A specimen of this forger's handwriting is given below.

*Dwight Cranford*

*Dwight Cranford M.D.*

A bank member of New York City has reported that forged cashier's checks, purporting to be signed by the cashier of a bank member at Hartwell, Georgia, in favor of A. S. ANDERSON, have been cashed in towns in Alabama. A specimen of this forger's handwriting is given below.

*A. S. Anderson*  
*A. S. Anderson*

Our detective agents report that one CLARENCE BOUGHTON has been swindling merchants and others in East Liverpool, Ohio, by means of forged checks, drawn on a bank member of Wheeling, West Virginia. The checks are signed James Hill, Cashier Wheeling Pottery Company, and are made payable to Joseph W. Leigle. He is described as follows: Age, 27 years; height, 5 feet 8 inches; hair, dark chestnut; eyes, light blue; smooth face; nationality, American.

A Fargo, North Dakota, member bank reports that a customer was recently defrauded by means of a worthless check purporting to be signed by Frank T. Albers, treasurer, Cincinnati Warehouse Company, and made payable to W. D. CLARK. No description is available. The following is a specimen of this swindler's handwriting.

*W. D. Clark*

Banks throughout Oklahoma and Kansas should be on their guard against a man named B. M. CRAIG, who recently swindled some people at Vinita, Oklahoma.

No bank is a loser in this transaction, but Craig is apt to try to defraud some bank before he is stopped. At Vinita he is wanted for swindling his partner in business by drawing out their money in the bank and absconding. The sheriff at Vinita is anxious to locate him.

Craig is described as follows: Age, 32 years; height, 5 feet 9 inches; weight, 165 pounds; build, heavy; complexion, light; eyes, gray; hair, light brown; face, smooth; good dresser; round full face.



CHARLES KURTZ.

A membership bank of Portland, Oregon, reported that CHARLES KURTZ had forged the signature of F. E. Watson, of the Watson Printing Company, to four stolen checks. These checks were cashed by local merchants and later by the bank.

Charles Kurtz is described as being 22 years of age; 5 feet 2 or 3 inches tall; weighing 105 pounds; medium dark complexion; black curly hair; brown eyes; nationality, German Jew; occupation, non-union press feeder.

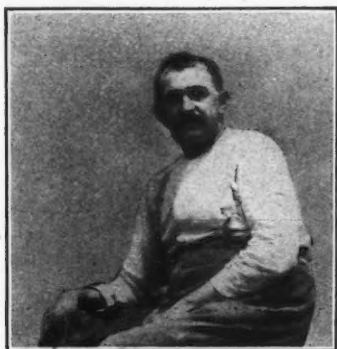
Charles Kurtz is also wanted by the postal authorities for sending an obscene letter through the mail.

The Oregon Bankers' Association is co-operating with this Association in the prosecution of this case.

F. G. ZIMMERMAN, a railroad man by occupation, is wanted by our detective agents for swindling a membership bank at El Paso, Texas, by means of forged notes. He forged the name of the Superintendent of a railroad company to the notes negotiated at the bank. It is also claimed that Zimmerman has swindled hotel people and others by this same means. Zimmerman is described as being of medium size, rather round faced, small eyes, dark complexion, and has one front tooth missing.

A bank member at Philadelphia has reported the operations of a bogus check operator using the name

of T. W. MURPHY. This party is drawing checks on the Philadelphia bank and passing them at hotels in New York City.



CHARLES BRIGHTHAUPT.

CHARLES BRIGHTHAUPT, whose photograph is reproduced above is wanted at Hazleton, Pennsylvania, on charges of defrauding two bank members of that place by means of forged notes.

Brighthaupt is described as follows: 40 years of age; 5 feet 11 inches tall and weighing 200 pounds; dark eyes and hair. Has a mole the size of a pea on face under one of his eyes. Has the appearance of a prosperous farmer, talks with a strong Dutch accent and walks with long strides. He did have a mustache, but it is reported that he shaved it off after his disappearance.

RICHARD JOSHUA VINCENT, wanted by an Aberdeen, South Dakota, member bank for forgery, is described as follows: 40 years of age; 5 feet 8 inches tall; weighs 150 pounds; slender build; black hair; dark complexion; long, and raw-boned face; smooth face; by occupation is operator of pool and billiard parlor. JOURNAL, April, 1913, page 677.

HARRY RUSSELL, whose operations were reported on page 677 of the April, 1913, JOURNAL, has been identified as an old time forger who at various times has used the names of H. Lee Russell, R. W. Kopp, H. Lee, Frank Allin, Allin Starr, David Wood, Walter Lee Russell, Henry Russell and George W. Smith, and whose photograph was reproduced on page 686 of the May, 1911, JOURNAL. He was also mentioned on page 741 of the June, 1911, JOURNAL.

A party who has used the names H. A. COOPER and L. M. Ward is circulating forged pay checks of The Thomas B. Jeffery Company of Kenosha, Wisconsin. A specimen of this forger's handwriting is given below.

*L. M. Ward*

A member bank of LaCrosse, Wisconsin, reports that on March 21, 1913, they were defrauded by fraudulent check in favor of C. WARD. This check purported to be signed by W. J. Morgan, Secretary, Wisconsin State Union Tobacco Growers.

The operations of this criminal are recorded in JOURNALS July, 1910, page 116, under the name

C. Wood; February, 1911, page 417, July, 1911, page 38.

He has operated at various places under the names of Edward Ashton, alias W. J. Larson, alias C. Harris, alias H. Carson, alias C. West, alias C. Warner, alias C. Adams, alias C. Charles, alias C. Ware, alias C. Wade, alias W. Carson, alias C. Woods, etc.

The following described United States bonds have been lost or stolen: Number 48490 for \$500 of the three per cent. loan of 1898; registered bonds numbered 6622 and 6623 for \$500 each, of the issue of 1898. Information concerning these bonds may be sent to French and Curtis, attorneys-at-law, 89 State Street, Boston, Massachusetts, or to this Department.

#### GENERAL.

Recently the operations of a bogus check operator using the name of EARL BISHOP were reported to our detective agents' correspondent, at Des Moines, Iowa, who succeeded in causing the arrest of Bishop on April 12, 1913. Bishop had in his possession at the time of his arrest twenty-one blank checks, which he had succeeded in purloining from one of the business firms of that city and had only succeeded in passing two of them when arrested.

JOHN DERMODY, arrested at New Orleans, La., February 7, 1913, for passing bogus checks, was recently sentenced to eight months in the Parish prison at that point. See JOURNAL, March, 1913, page 603.

Our detective agents located, identified and caused the arrest of E. T. GARDNER, alias Arthur Seymour at the Jefferson Barracks, Missouri, on April 16, 1913. He is charged by a customer of a bank member at Chatham, Illinois, with passing a bogus check. Gardner was serving as a private in the army under the name of Seymour. He is described as being 22 years of age; 6 feet tall and weighing 180 pounds. Has blue eyes and light brown hair.

T. H. GILMORE, who was recently arrested for forgery at El Paso, Texas, under the name of McKinney Gordon and returned to Clinton, Louisiana, was sentenced March 13, 1913, to serve ten years in the Louisiana State Penitentiary, at Baton Rouge, Louisiana. Gilmore forged the name of a resident of Clinton, Louisiana, to three promissory notes. Gilmore was highly respected and the proprietor of the Clinton, Louisiana, Military Academy.

After a chase that began the latter part of March and took our detective agents through several states, HARRY HEISER was arrested at Denver, Colorado, by the police of that city on information furnished by our detective agents.

While working as a clerk in the Gunther Hotel at San Antonio, Texas, Heiser stole several American Bankers Association Travellers Cheques, the property of a guest of that hotel. He cashed them in various points in the West, using various names including Paul R. Canfield, R. L. Pollard, and C. C. Barnes. Heiser was arraigned before Judge Butler, Denver, Colorado; he entered a plea of guilty to the charge of having passed two stolen travellers cheques at the Denver and Rio Grand ticket office, and he was sentenced to serve not less than four years and not more than seven years, in the Colorado State Penitentiary.

Several detainers have been lodged against him with the warden and at the expiration of his sentence there, he will probably be taken to some other place for trial.

T. F. RICH, alias Tucker Rich, a stenographer by occupation, was arrested in Houston, Texas, by the police on April 6, 1913, on the charge of forgery. The Houston police charge that Rich forged a check on a bank in Fort Worth, Texas. The exact details of the forgery were not made public to the police officials. Rich's description is as follows: Age, 29 years; height, 5 feet 7 inches approximately; weight, 135 pounds; build, slender; complexion, fair; eyes, blue;



hair, auburn; smooth shaven; neat appearance; uses crutches; place of residence, Sherman, Texas.

During March, 1913, CHARLES H. VOORHIS, employed as a solicitor for the Encyclopedia Britannica Company, New York City, passed a number of bogus checks for small amounts drawn on membership banks in Buffalo, Lockport and Medina, N. Y. He was arrested by our detective agents in Buffalo, N. Y., on April 14, 1913. Since his arrest he has been indicted for forgery in the second degree, and is now confined in the Erie County Jail, Buffalo, N. Y., awaiting trial. He also used the names John Day, Jr., John Davis Taylor and W. A. Peters. He is described as being 41 years of age; 5 feet tall and weighing 125 pounds; slender built; sallow complexion; blue eyes, and brown mustache.

JAMES J. WOULFE a prominent notary of New Orleans was arrested February 19, 1913, charged with the wholesale forging of mortgage notes. Woulfe's crooked work has extended over to the last twelve or fifteen years. Woulfe pleaded guilty and was sentenced March 19, 1913, to serve the State fourteen years at hard labor at the Louisiana State Penitentiary, Baton Rouge, Louisiana.

#### ARRESTED.

A young man using the names of W. H. ALLEN and R. B. Nolan succeeded in cashing a bogus check drawn on a Texas bank in a Duluth, Minnesota, membership bank. The cashier of this bank became suspicious after Allen had left and telegraphed to Texas. When advised that he was unknown, he immediately went out to look for the swindler and found him endeavoring to pass a similar check in a furniture store. Allen was arrested on April 11, 1913, and is now being held to the Grand Jury.

JOHN M. BOYD and his wife SUSAN M. BOYD, whose operations were reported on page 672 of the April, 1913, JOURNAL, were arrested at Oklahoma City, Oklahoma, April 1, 1913, upon information furnished by our detective agents. Boyd has been returned to Cooperstown, N. Y., to stand trial on a charge of defrauding a bank member there by means of a bogus check. His wife was taken to St. Paul, Minnesota, to answer a charge of swindling a storekeeper at that place. The Iowa Bankers' Association is co-operating with this Association in this case.



BENJAMIN W. BRUMBY.

Boasting that he had passed a thousand forged checks in the last two years, BENJAMIN W. BRUMBY, alias W. B. Hill, alias H. A. Allen, alias Frank Hayes, alias E. W. Anderson, alias E. W. Barnes, alias C. D. Anderson, alias William Anderson, etc., is

under arrest at San Francisco, California, where he was arrested April 13th, 1913, by the police of that city.

Before his arrest he succeeded in securing nearly \$2,000 in San Francisco and defrauded a bank member of that place. He is also wanted for defrauding bank members in Denver, Colorado, and other places. Several detainees have already been lodged against him with the San Francisco police.

Brumby was identified by the San Francisco police as having been arrested October 29, 1902, on a charge of burglary. The charge was reduced to petty larceny and he was sentenced to six months in the County Jail. He was made a trusty and shortly after made his escape. He was recaptured, returned to jail and finished his sentence. After his release from the San Francisco jail, he went to Missouri, where he was arrested and sentenced to Jefferson City penitentiary for seven years. He is also wanted at Montgomery, Alabama, for forgery, having broken jail there.

A photograph of this forger is reproduced herewith in the hope of further identification. Any bank identifying this man as having defrauded the bank or any of its customers, should notify the nearest office of our detective agents.

Brumby is described as follows: Age, 36 years; height, 5 feet 8 1/2 inches; weight, 127 pounds; complexion, medium fair; hair, dark chestnut; eyes, gray; occupation, salesman; nativity, Georgia. His Bertillon measurements are: Ht., 74.8; O. A., 79.0; Tr., 92.0; H. L., 19.4; H. W., 14.7; C. W., 12.6; R. E., 6.9; L. F., 25.6; L. M. F., 12.1; L. L. F., 9.1; L. F. A., 48.2.

The California Bankers' Association is co-operating with this Association in the investigation of this matter.

VAN R. COOVER, charged with forgery by a bank member at Kern, California, was arrested by our detective agents at Denver, Colorado, on April 12, 1913. Coover admitted to our detective agents that he passed a forged check on a friend which was later cashed by a bank member. He will be returned to California. Coover is described as being 25 years old; about 5 feet 9 inches in height; weighing 156 pounds; fair complexion; gray eyes; light brown hair, pompadour; inclined to be sporty and drinks; dressed well and lived beyond his means. The California Bankers' Association is co-operating with this Association in this matter.

We are in receipt of information from our detective agents at Boston that on April 10, 1913, GEORGE DOUGLASS of Methuen, Mass., successfully passed a forged check on the bank of a member at Rochester, New Hampshire. It appears that Douglass forged the name of his employer in whose service he has been for the past four years as a cook. Two days later Douglass was taken into custody by the police at Portsmouth, N. H., on information furnished by a representative of our detective agents, and on being arraigned in court at Rochester, N. H., on charge of forgery, pleaded not guilty and was held in \$2,000 bonds for appearance at the September Superior Court at Dover, N. H.

JOHN GIBSON, alias Robertson, alias Jackson, Paddie, etc., whose operations were reported on page 529 of the February, 1913, JOURNAL, was arrested in Minneapolis, Minnesota, on April 6, 1913, by our detective agents.

A membership bank of Wilkesburg, Pennsylvania, made complaint to the Pittsburgh office of our detective agents that they had been defrauded by means of two forged checks, through the operations of STEPHEN HAMRICK and his wife. Warrants were sworn out by the membership bank and two days after complaint was made a representative of the Pittsburgh office of our detective agents caused the arrest of Hamrick at Clarksburg, W. Va. Hamrick's wife is ill in a hospital.

It developed, however, that Hamrick refuse to return to the State of Pennsylvania without requisition papers and as the prosecuting attorney of Allegheny

County, Pa., would not consent to that county bearing the expense of bringing Hamrick back to be prosecuted, it remained for Hamrick either to be set free at Clarksburg or prosecuted on any other charges that could be brought against him. As it happened, Hamrick had defrauded a hotelkeeper of Clarksburg of \$70 previous to defrauding the complaining bank at Wilkinsburg, Pa., the latest information from Clarksburg being that a large number of informations had been lodged against Hamrick in that city by various persons, charging Hamrick with having passed bogus and forged checks on them.

Stephen Hamrick is described as follows: Age, 28 years, height, 6 feet; weight, 170 pounds; build, slender; eyes, dark; hair, black; complexion, fair; smooth shaven; peculiarities, slightly stoop-shouldered, shoulders very broad; dress, soft gray hat, light suit, long black overcoat, white collar, white tie; appearance shabby.

Specimens of the handwriting of Stephen Hamrick and his wife are reproduced below.

*Mrs. Stephen Hamrick*  
*Stephen Hamrick*

A member bank of Logan, West Virginia, was defrauded on March 24, 1913, by one JAMES HOLLIS, alias Emery Halarz, a Hungarian. The matter was referred to our detective agents, who followed him through several states, and on April 5, 1913, he was located in Chicago, Illinois, where our detective agents caused his arrest, on April 19, 1913. An officer from Logan, West Virginia, arrived in Chicago and Hollis was returned to West Virginia for prosecution. JOURNAL, April, 1913, page 678.

Two swindlers, representing themselves as traveling salesmen for a number of distilling companies have succeeded in swindling a great many persons and banks by the use of fraudulent checks, purporting to be from these distilling companies as expense and salary checks. These operators have been reported various times in the JOURNAL.

One of these men, who used the name of J. A. JORDAN, was recently apprehended by Sheriff McAfee, of Greeley, Colorado, at Louisville, Colorado, after he had made an effort to pass a fraudulent check there.

Later information was furnished by Sheriff McAfee to our detective agents, that the man C. J. SPENCER was in Chicago, with the result that Spencer, alias James Patterson, alias Peters, was arrested in Chicago, Illinois. However, before the Colorado authorities could arrive for Spencer, he was served with an Illinois warrant and was taken to Carlinville, Illinois, for prosecution, the Illinois authorities refusing to give him up until tried on the charge in that state.

The California Bankers' Association is co-operating with this Association in this matter, inasmuch as a California bank was the first bank defrauded.

The safe of a member bank at Bastrop, Louisiana, was relieved of a large sum of money and a number of pieces of jewelry at or near midnight on March 8, 1913.

The vault containing the safe was of masonry only and entrance there was effected by means of pickaxe and crowbars, obtained in the regulation yegg manner from a nearby railroad tool house. After gaining entrance to the vault the safe was blown, two

charges of nitro-glycerine being needed to do the work. All telephone wires had been cut, the telegraph instruments in the railroad depot wrecked and a guard placed outside the bank to both warn the criminals at work inside and to hinder interruptions.

Both the Association and our detective agents were notified promptly and the latter rushed a representative to the scene at once. After a diligent investigation our detective agents caused the arrest of two well-known yeggs, A. KARSLAKE, alias James Lake, alias Johnny Bull and HARRY ROBINSON and his wife, at Dallas, Texas, on March 19, 1913.

When these arrests were made \$3,000 in money and part of the stolen jewelry was recovered. ROY NIX, alias Cleve George, another notorious yegg is also supposed to have taken part in this job and we hope to report his arrest shortly.

At the present writing Karslake and Harry Robinson are in the Shreveport, Louisiana, jail, where they will be held until tried, in October, 1913. See JOURNAL, April, 1913, page 680. In error the arrest of Cleve George was reported in the April, 1913, issue.

Charged with defrauding a bank member at Fort Lauderdale, Florida, by means of a forged check, R. McREADY was arrested by our detective agents on April 26, 1913, at McRae, Georgia. McReady is described as being about 5 feet in height; weight, 150 pounds; light complexion; brown full eyes; thin reddish hair, bald forehead; broad deep cheek bones; large mouth; broad full head, flat on top.

Late in May, 1912, a membership bank of Sharon, Pennsylvania, made complaint to the Pittsburgh office of our detective agents, that they had been defrauded by means of a worthless check by one HARRY M. McILWAIN. Our detective agents immediately began a search for McIlwain, and were led a long chase through different sections of Pennsylvania, Ohio and Michigan, but the persistent efforts of our detective agents were finally rewarded by their being able to locate and cause the arrest of McIlwain at a hotel in Pittsburgh, Pennsylvania, on April 17, 1913. McIlwain was taken from his room at the hotel at 3 A. M. and the same day was returned to Sharon, Pennsylvania, to answer to the charge of passing a worthless check, before Justice S. S. Gilbert, of Sharon, Pennsylvania.

A picture of this criminal was reproduced in the July, 1912, JOURNAL, a good description of him having also been given at the time.

E. T. MILLS, alias Edward O. Twiggs, wanted by a membership bank at Sioux Falls, South Dakota, was arrested in Portland, Oregon, April 14, 1913, by our detective agents, where he was going under the name of G. A. Smith, and working as a steam fitter. By strange coincidence his wife is also living in Portland, but neither knew of the other being in the city. JOURNAL, February, 1912, page 499.

A young Hollander named B. RAIN, on April 7, 1913, endeavored to cash a cashier's draft for three hundred dollars on a San Francisco bank member. He was seen to forge the endorsement on the draft by the bank's special officer. The San Francisco office of our detective agents was notified and Rain was arrested and held to answer for trial on a charge of forgery. The California Bankers' Association is co-operating with this Association in the prosecution of this case.

AGNES R. REED, negress, was arrested in San Antonio, Texas, March 23, 1913, charged with having passed a raised check, the check in question being placed in the hands of a bank member in Houston, Texas, for collection and later paid the Reed woman.

It seems that the woman was known to the officials of the Houston bank and on several occasions had checks cashed at the institution. On this occasion, however, Agnes Reed filled out a check for a small amount, made payable to herself and had a customer of the bank, who was in the habit of giving her checks, sign same. After having the check signed, she later

added the word "hundred." After the bank's customer had his book balanced, he noted that the check had been raised and reported the matter to the bank, which resulted in the arrest of the Reed woman on the charge of check raising. Agnes Reed is described as follows: Age, 30 years; height, 5 feet 7 inches; weight, 200 pounds; complexion, light mulatto; hair, black and kinky; dresses fairly well.

**JAMES M. ROSS**, alias J. R. Russ, alias J. R. Jones, alias James M. Jones, who escaped from jail, after his arrest on a charge of defrauding a bank member at Lauderdale, Mississippi, by means of a forgery, was re-captured at Port Gibson, Mississippi. See JOURNAL, June, 1912, page 766 and December, 1912, page 388.

On the night of April 5, 1913, an attempt was made to burglarize a bank member at Mosier, Oregon. On April 7, 1913, **ADRIAN SCHOONOVER** was arrested by Sheriff Chrisman of The Dalles, Oregon, and confessed his part in the crime. Our detective agents were placed on the case and co-operated with Sheriff Chrisman in the investigation. A week later **EDWARD GAGNIER** and **WILLIAM CLARK** were arrested at Spokane, Washington, by the local authorities and returned to The Dalles, Oregon, by Sheriff Chrisman. All these men are held awaiting trial on a charge of attempted burglary. The Oregon Bankers' Association is co-operating with this Association in this matter.

**JAMES B. SMITH**, former cashier of a bank at Claxton, Georgia, was arrested by our detective agents and the local police at Birmingham, Alabama, on April 17, 1913. He is charged with defrauding a bank member at Gainesville, Florida, by means of raised stock certificates upon which he negotiated loans.



**HENRY MARTIN THORNTON.**

After having swindled several prominent persons in different parts of the country and a bank member at Annapolis, Maryland, by means of forged cashier's checks, **HENRY MARTIN THORNTON** was arrested April 24, 1913, at Washington, D. C., by the local police, when he tried to pass one of his bad checks on Congressman William Schley Howard.

After his arrest he was identified by our detective agents as a criminal who has served a prison sentence and who has been operating since last fall under the names of W. H. Hampton, H. Gathwright, J. B. Boland, Henry Courtney, Hugh Shirley St. George Meredith Tucker Wyndham and Hugh S. Wyndham.

We are reproducing his photograph and should any of our readers identify it they should promptly communicate any information to this department or the nearest office of our detective agents.

Thornton is described as follows: Age, 37 years; height, 5 feet 8½ inches; weight, 111 pounds; build, slender; complexion, medium; eyes, pale blue; hair, dark brown; moustache, light brown; born, Noxubee County, Miss.; occupation, clerk. Bertillon: Hgt., 73.9; O. A., 72.0; Tr., 92.2; H. L., 18.5; H. W., 15.4;

R. E., 6.6; L. F., 25.2; M. F., 10.8; L. L. F., 8.5; F. A., 45.1. Marks and scars: Two small moles on left forearm, front. Hair mole at right elbow front. Faint pit scar above left eyebrow. JOURNAL, November, 1912, page 316.

Several forged checks were accepted by a bank member in New York City during the month of March, 1913. The forgeries were not discovered until the bank's customer, whose name had been forged sent his pass-book to the bank to be balanced. Thereupon our detective agents were notified and immediately started an investigation.

Our detective agents, after a brief investigation established the identity of the forgers. It was found that three men were implicated. On April 1, 1913, our detective agents arrested **JOHN TROXELL**, alias Jack Towers, who has been in trouble before. On April 4, 1913, our agents arrested **FREDERICK KERTZENMACHER**, alias "Happy," another member of the gang, who was then on probation having been convicted of burglary and received a suspended sentence.

An active search is now being made by our detective agents for the third party, who is known to be an ex-convict.

Troxell is described as being 24 years old; 5 feet 8½ inches tall; weighing 145 pounds; clean shaven; pale complexion; light brown hair; small blue eyes.

Kertzenmacher is described as being 18 years old; apparently 24 years old; 5 feet 6½ inches; 160 pounds; clean shaven; red pimpled complexion; dark brown hair; blue eyes.

**HAROLD WALTON**, badly wanted for cashing a bogus draft at a New Orleans, Louisiana, member bank, was arrested at Cleveland, Ohio, April 5, 1913, at the instance of the Cleveland office of our detective agents.

Harold Walton was employed by a large publishing house up to February 1, 1913, on or about which he was discharged for lack of satisfactory business results. On February 7th he drew a draft on his former employer through our New Orleans member, who cashed the same.

Walton was traced by our detective agents from New Orleans to New York, thence to Cleveland, where they caused his arrest. JOURNAL, March, 1913, page 600.

#### REMOVED.

**ANTON A. AGERBACK** and **HAROLD ANDERSON**, whose operations and arrest were reported in the September, 1912, JOURNAL, pages 179 and 180, and October, 1912, JOURNAL, page 254, were sentenced on November 2, 1912, at Pittsburgh, Pennsylvania, to the Western penitentiary of Pennsylvania. Agerback received a sentence of six years and Anderson a sentence of three years.

**GEORGE E. CRANE**, alias G. E. Carlton, alias Arthur Leroy Ball, alias Dr. A. G. Blackburn, alias R. K. Brayton, whose operations are reported on page 114, August, 1912; page 178, September, 1912; page 528, February, 1913; and page 606, March, 1913 issues of the JOURNAL, was sentenced on April 18, 1913, at San Francisco, California, to serve four years in San Quentin penitentiary. When Crane is released from San Quentin he may be taken to any one of four other cities for trial on charges pending against him.

**E. M. DEAHNA**, alias E. M. Danna, alias J. E. Fortner, whose photograph was reproduced on page 529 of the February, 1913, JOURNAL, escaped from jail at Metropolis, Illinois, on April 14, 1913. Our detective agents are instituting a search for him. Also see JOURNAL, March, 1913, page 606.

**JOHN GIBSON**, whose arrest is reported elsewhere in this issue, on April 18, 1913, was sentenced to serve from one to five years in the Minnesota State Penitentiary.



JOSEPH GRAHAM, whose arrest was reported on page 534, JOURNAL, February, 1913, has been released.

OLLIE HILLIARD, alias Mrs. Hann, arrested on a charge of forgery preferred by a bank member, at West Newton, Pennsylvania, was tried, the jury disagreeing and she was discharged.

LEE HUGHES was convicted of grand larceny and sentenced to serve two years in state's prison. He defrauded a bank member at Pryor Creek, Oklahoma, by means of a mortgage swindle. JOURNALS, June, 1912, page 764 and July, 1912, page 36.

L. M. HUNTER, alias J. Colby Harrington, alias George R. Salisbury, etc., whose photograph and account of whose arrest was published in the April, 1913, JOURNAL, pleaded guilty in Criminal Court at Pittsburgh, Pennsylvania, on April 15, 1913, and was placed on parole for a period of two years by Judge Williams of Mercer County, who presided in Criminal Court at Pittsburgh at that time. The Pittsburgh office of our detective agents, upon learning that Hunter had been placed on parole, got in touch immediately with the assistant prosecuting attorney and the probation officer of Allegheny County, and after furnishing them with the criminal record of Hunter succeeded in having Hunter re-arrested and brought again before Judge Williams, who, on learning the extent of previous crimes and sentences served by Hunter, sentenced him to serve a term of one year in the Western penitentiary.

CHARLES PARKER, whose arrest was recorded on page 695 of the May, 1912, JOURNAL, has been released.

FREDERICK MARK, whose arrest was reported on page 682 of the April, 1913, JOURNAL, was brought to trial on April 14, 1913, in the Superior Court, Boston, Mass., and was sentenced to serve from five to eight years in the Massachusetts state prison

at Charlestown, Mass. JOURNALS, October, 1911, page 227 and January, 1913, page 453.

HOMER RICHARDS, one of the burglars who attempted to rob a bank at Vera, Oklahoma, was convicted on March 15, 1913, at Tulsa, Oklahoma, and was sentenced to serve three and one-half years in the state penitentiary. JOURNAL, February, 1913, page 535.

JAMES M. ROSS, whose arrest is reported elsewhere in this issue was sentenced to serve two years in the Mississippi state penitentiary.

A. SPANGLE, alias Lo Haly, who defrauded a bank member at Nowata, Oklahoma, and who was arrested by our detective agents after having escaped jail, has again escaped and is being sought by our detective agents. JOURNALS May, 1912, page 694 and September, 1912, page 184.

CHARLES VEVERKA, whose arrest was reported on page 458 of the January, 1913, JOURNAL, pleaded guilty to a charge of forgery and false pretenses and on April 12, 1913, was sentenced to serve two years and six months in the Allegheny County workhouse.

HAROLD WALTON, whose arrest is reported in another column of this issue, was released on a writ of habeas corpus, April 10, 1913, before an officer from New Orleans could arrive in Cleveland, Ohio. Our detective agents are again looking for him.

W. B. WILLIAMS was tried and convicted of swindling a bank member at Cornish, Oklahoma, and was sentenced on March 19, 1913, to serve one year and one day in the penitentiary. His brother, ARTHUR WILLIAMS was tried and convicted of swindling a bank member at Ryan, Oklahoma, and was sentenced on the same day to serve a like term. JOURNAL, March, 1913, page 607.

#### AWAITING TRIAL, EXTRADITION OR SENTENCE, APRIL 1, 1913.

##### ALLEGED FORGERS, ETC.

Allen, W. H., April 11, 1913, arrested; swindle Duluth, Minn.  
Anderson, A., March 15, 1913, arrested; forgery Des Moines, Ia.  
Bailey, Mrs. Ray, April 30, 1912, arrested; forgery Waterloo, Ia.  
Beresford, O. J., July 9, 1912, arrested; swindle San Pedro, Cal.  
Berman, Leo, November 11, 1912, arrested; forgery New York City.  
Booker, E. W., January, 1913, arrested; forgery Auxvasse, Mo.  
Boyd, John M., April 1, 1913, arrested; swindle Cooperstown, N. Y.  
Boyd, Susan M., April 1, 1913, arrested; swindle Cooperstown, N. Y.  
Brown, Benjamin W., February 17, 1913, arrested; forgery Brandon, Vt.  
Burtis, Otto, December, 1912, arrested; swindle Bluffton, Ind.  
Brumby, Benjamin W., April 13, 1913, arrested; forgery San Francisco, Cal.  
Callistano, Tony, March 7, 1913, arrested; forgery Cleveland, Ohio.  
Carpenter, Frederick H., May 11, 1912, arrested; forgery Providence, R. I.  
Casper, Charles J., August 31, 1912, arrested; forgery Steger, Ill.  
Caulle, A. S., October, 1911, arrested; forgery Cairo, Ill.  
Cohen, Samuel, March 15, 1912, arrested; forgery Boston, Mass.  
Cole, C. E., January 15, 1912, arrested; swindle Atlanta, Ga.  
Coles, W. C., October 21, 1912, arrested; forgery Shreveport, La.

Collins, T. J., September 19, 1912, arrested; swindle Helena, Ark.  
Cook, William Rose, March 12, 1912, arrested; forgery Edgerton, Kan.  
Coover, Van R., April 12, 1913, arrested; forgery Kern, Cal.  
Christensen, L. A., March 12, 1913, arrested; forgery Houston, Texas.  
Crow, Thomas, December 6, 1912, arrested; forgery Portland, Ore.  
De Mangelont, Albert, February 6, 1913, arrested; swindle Akron, Ohio.  
Donahue, Thomas, June 19, 1912, arrested; forgery Baltimore, Md.  
Douglass, George, April 10, 1913, arrested; forgery Rochester, N. H.  
Downing, Joe, July 13, 1912, arrested; swindle Rushville, Neb.  
Edmonds, William E., March 11, 1913, arrested; forgery Marshfield, Ore.  
Edwards, P. S., October 1, 1912, arrested; swindle Parma, Idaho.  
Ellars, William A., February 11, 1913, arrested; forgery Fort Worth, Texas.  
Feroni, Romo, November 8, 1912, arrested; forgery Crystal Lake, Ill.  
Fitzgerald, Thomas, March 15, 1913, arrested; attempted swindle Kansas City, Mo.  
Fitzgerald, Thomas J., December 4, 1912, arrested; swindle New York, N. Y.  
Fowler, Frank W., April 30, 1912, arrested; swindle Chicago, Ill.  
Gaerter, William, November 27, 1912, arrested; forgery New York City.  
Gaffney, Tommy, October 2, 1912, arrested; forgery Parma, Idaho.  
Gassner, Joseph, December 19, 1912, arrested; forgery New York, N. Y.

- Gray, S. H., November 12, 1910, arrested; forgery Athens, Tenn.
- Halken, Esther, May 28, 1912, arrested; forgery New York, N. Y.
- Hamrick, Stephen, April 1, 1913, arrested; forgery Wilkinsburg, Pa.
- Hamrick, Mrs. Stephen, April 1, 1913, arrested; forgery Wilkinsburg, Pa.
- Hank, Warren, May 13, 1911, arrested; attempted swindle Wapakoneta, Ohio.
- Harris, William, January 13, 1913, arrested; forgery St. Louis, Mo.
- Henifer, Charles, January 16, 1913, arrested; forgery Richmond, Va.
- Hickman, "Skeet," December 18, 1912, arrested; forgery Fort Worth, Texas.
- Hodes, Nicholas, November 11, 1912, arrested; forgery New York City.
- Hollis, James, April 5, 1913, arrested; forgery Logan, W. Va.
- Houston, J. L., April 24, 1912, arrested; swindle Chicago, Ill.
- Hudson, John E., November 19, 1912, arrested; swindle Beeville, Texas.
- Isaacs, Walter, January, 1913, arrested; swindle Louisville, Ky.
- Johnson, Clarence, February 18, 1913, arrested; forgery Charleston, W. Va.
- Johnson, J. D., March 13, 1913, arrested; swindle Stratford, Okla.
- Jones, Henry, March 24, 1913, arrested; forgery Lakeville, Conn.
- Jordan, J. A., April, 1913, arrested; swindle Redding, Cal.
- Keith, R. L., March 26, 1913, arrested; swindle Chattanooga, Tenn.
- Kertzenmacher, Frederick, April 4, 1913, arrested; forgery New York, N. Y.
- Kirkpatrick, H. S., June 15, 1911, arrested; forgery West Point, Ga.
- Klein, E., January 12, 1912, arrested; forgery Scranton, Pa.
- Knapp, Fred S., December 9, 1912, arrested; forgery Portland, Ore.
- Knotts, Henry J., November 8, 1912, arrested; swindle Georgiana, Ala.
- Lacy, Frank, January 28, 1913, arrested; forgery Los Angeles, Cal.
- Laubenthal, George M., November, 1912, arrested; swindle Waterloo, Ill.
- League, S. A., October 31, 1912, arrested; forgery Chattanooga, Tenn.
- Livingston, Myron A., December 13, 1912, arrested; forgery New York, N. Y.
- Lundy, George, January 31, 1913, arrested; swindle Edgeley, N. D.
- McBrine, William R., November, 1912, arrested; forgery Guthrie, Okla.
- McCants, E. L., November 26, 1912, arrested; swindle River Junction, Fla.
- McCartney, E. J., February 3, 1913, arrested; forgery Sallislaw, Okla.
- McReady, R., April 26, 1913, arrested; forgery Fort Lauderdale, Fla.
- McIlwain, Harry M., April 17, 1913, arrested; swindle Sharon, Pa.
- Mackie, Albert, January 18, 1913, arrested; forgery St. Louis, Mo.
- Magoon, Byron G., August 17, 1912, arrested; swindle St. Helens, Ore.
- Mattingly, C. B., March, 1913, arrested; swindle Beebe, Ark.
- Meeker, Chas. M., February 6, 1912, arrested; swindle Kansas City, Mo.
- Mercer, Kathryn, November 30, 1912, arrested; forgery St. Louis, Mo.
- Meyers, Charles H., December 30, 1912, arrested; swindle Eastman, Ga.
- Mills, E. T., April 14, 1913, arrested; forgery Sioux Falls, S. D.
- Mitchell, C. E., July 26, 1912, arrested; swindle Monroe, La.
- Morrill, Fred W., December 9, 1912, arrested; forgery Portland, Ore.
- Morton, Chas. S., January 6, 1912, arrested; swindle Baltimore, Md.
- Mott, J. L., November 8, 1912, arrested; forgery New Orleans, La.
- Muller, Edward C., January 20, 1913, arrested; forgery New York, N. Y.
- Neiss, William F., March 14, 1913, arrested; forgery Los Angeles, Cal.
- Nelson, C. J., April 18, 1912, arrested; forgery Birmingham, Ala.
- Newman, Ira, May 17, 1912, arrested; forgery Cairo, Ill.
- Palmer, Frederick George, March 15, 1913, arrested; forgery Los Angeles, Cal.
- Percival, James, January 24, 1913, arrested; swindle Clarksburg, W. Va.
- Perry, Chas. G., October 25, 1912, arrested; swindle Middletown, Pa.
- Plum, William H., December 24, 1912, arrested; forgery Kansas City, Mo.
- Polk, J. C., January 18, 1913, arrested; forgery Houston, Texas.
- Posey, J. E., August 10, 1911, arrested; forgery Aiken, S. C.
- Puckett, Lawrence W., March 24, 1913, arrested; forgery Peoria, Ill.
- Rain, B., April 7, 1913, arrested; forgery San Francisco, Cal.
- Reed, Agnes R., March 23, 1913, arrested; forgery Houston, Texas.
- Richardson, M., January 1, 1913, arrested; swindle Kansas City, Mo.
- Rogers, C. R., August, 1912, arrested; forgery Cordele, Ga.
- Rolleyson, Frank, July 30, 1912, arrested; forgery Huntington, W. Va.
- Romero, C. D., December 14, 1912, re-arrested; forgery Springfield, Utah.
- Sadey, Paul, November 8, 1912, arrested; forgery Crystal Lake, Ill.
- Schantz, Orin E., November 29, 1912, arrested; swindle Eldorado, Ill.
- Scherberg, C. W., February, 1913, arrested; swindle Grenada, Miss.
- Schoonover, Adrian, April 7, 1913, arrested; burglary Mosier, Ore.
- Schreiber, Herbert E., August 2, 1912, arrested; swindle Denver, Col.
- Seidler, Russell R., March 25, 1913, arrested; forgery Wenatchee, Wash.
- Shatzkin, Nahum J., January 3, 1913, arrested; forgery New York City.
- Shivers, Vernon F., December 21, 1911, arrested; forgery Lake Providence, La.
- Smedley, W. E., September 15, 1912, arrested; forgery Des Moines, Ia.
- Smith, James B., April 17, 1913, arrested; forgery Claxton, Ga.
- Snodgrass, Earl, October 26, 1912, arrested; forgery Spencer, W. Va.
- Sonneberg, Leo, March 22, 1913, arrested; forgery New York, N. Y.
- Spencer, C. J., April, 1913, arrested; swindle Redding, Cal.
- Stone, Harry, November, 1912, arrested; forgery Bakersfield, Cal.
- Thompson, L. C., February 22, 1913, arrested; forgery Newport, Ky.
- Thornton, Henry Martin, April 24, 1913, arrested; forgery Annapolis, Md.
- Troxell, John, April 1, 1913, arrested; forgery New York, N. Y.
- Van Leckwyck, Carl, October 2, 1912, arrested; forgery Plymouth, Mass.
- Veverka, Anna, December 14, 1912, arrested; forgery Pittsburgh, Pa.
- Videla, Albert, December 2, 1912, arrested; forgery New Orleans, La.
- Vincent H. S., January 29, 1913, arrested; swindle Memphis, Tenn.
- Walsh, John C., July 8, 1910, arrested; swindle Brooklyn, N. Y.
- Waters, Joseph, June 18, 1912, arrested; forgery Baltimore, Md.

Weil, Maechel, February 17, 1912, arrested; swindle Chicago, Ill.  
West, Henry, May 19, 1911, arrested; forgery Yuma, Ariz.  
Wheeler, Charles E., February 14, 1913, arrested; swindle Tulsa, Okla.  
York, G. A., January, 1913, arrested; raised check Waterville, Wash.

#### BURGLARS.

Baggett, H. C., February 21, 1913, arrested; attempted burglary Talladega, Ala.  
Belshner, Glen, February, 1913, arrested; attempted burglary Vera, Okla.  
Brown, J. K., November 21, 1912, arrested; burglary Portage, Ohio.  
Clark, William, April 14, 1913, arrested; burglary Mosier, Ore.  
Flynn, William, February 16, 1913, arrested; attempted burglary Dahlonge, Ga.

Gagnier, Edward, April 14, 1913, arrested; burglary Mosier, Ore.  
Harris, J. W., February 16, 1913, arrested; attempted burglary Dahlonge, Ga.  
Hollingsworth, George, October 2, 1912, arrested; attempted burglary Vera, Okla.  
Karslake, A., March 19, 1913, arrested; burglary Bastrop, La.  
Miley, William, December 28, 1912, arrested; burglary Portage, Ohio.  
Miller, Charles, February 16, 1913, arrested; attempted burglary Dahlonge, Ga.  
Morris, Frank, May 9, 1911, arrested; attempted burglary Layton, Utah.  
Robinson, Harry, March 19, 1913, arrested; burglary Bastrop, La.  
Robinson, Mrs. Harry, March 19, 1913, arrested; burglary Bastrop, La.  
Thornton, William, February 16, 1913, arrested; attempted burglary Dahlonge, Ga.  
Wilson, Charles, February, 1913, arrested; attempted burglary Vera, Okla.

### STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT. AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE.

From September 1, 1912, to April 30, 1913.

New York, N. Y., May 1, 1913.

Persons arrested, discharged, convicted, sentenced, awaiting trial, etc.

	Awaiting trial etc. September 1, 1912.	Arrests from September 1, 1912, to March 31, 1913.	Arrests in April, 1913.	Total.	Convicted.	Discharged or Acquitted.	Escaped or Fugitives.	Insane, Suicide or Died.	Awaiting Trial.
Forgers.....	122	176	23	199	133	53	8	3	124
Burglars.....	1	18	4	22	5	1	..	..	17
Hold-up robbers.....	2	..	..	..	2	..	..	..	..
	125	194	27	221	140	54	8	3	141

#### MUSKOGEE COUNTY BANKERS' ASSOCIATION.

A VERY interesting meeting of the Muskogee County Bankers' Association was held at the Hotel Severs, Muskogee, Okla., on Wednesday evening, April 16th, every section of the county being well represented and many bankers from other parts of the state being present.

The program issued by Secretary-Treasurer Willard John, of Muskogee, is as follows: "The Purpose for which the Muskogee County Bankers' Association is Organized," D. N. Fink, President Commercial National Bank, Muskogee; "Banking as Related to Agriculture," Carr Peterson, President First National Bank, Haskell; "Chattel Mortgages," H. L. Wineland, Cashier Bank of Boynton, Boynton; "Remarks on Banking Laws," Ezra Brainerd, Jr.

#### INFORMATION WANTED.

THE American Bankers Association has been asked to identify a savings bank pass-book from which the cover has been lost. The dates of entry extend from November 19, 1898 to April 1, 1903. The rules governing deposits, in-

terest, etc., are signed by B. F. Smith, President, and the deposits show receipts in the names of tellers Ohlmeyer, Mohr and Rabbe. Can any member of the American Institute of Banking furnish information that will lead to the identification of this book? If so, please communicate with L. W. Gammon, Manager, Protective Department, 5 Nassau St., New York.

#### VOLUME 4 OF THE JOURNAL-BULLETIN.

VOLUME 4 of the JOURNAL-BULLETIN is composed of the twelve numbers commencing with July, 1911, and ending with June, 1912, together with a general index compiled in alphabetical order under various headings, so that it makes a useful book for ready reference. Several copies of this volume have been handsomely bound in three-quarter leather to match previous volumes. Anyone desiring such bound copies can obtain same at cost (\$2.50) by advising this office. We have also on hand a few copies of Volumes 1, 2 and 3.

Those who desire to preserve the JOURNAL-BULLETIN in bound form, and are in need of any numbers to complete Volume 4, can be supplied from our surplus files until our supply is exhausted.



Contributions for this Department must be received by the Educational Director of the Institute not later than the 20th of the month preceding publication.

### CORPORATE SECURITIES.

By Francis Theodore Tilton, Investment Statistician of the Guaranty Trust Company of New York—Address Before New York Chapter of the American Institute of Banking.

**I**N previous lessons you have taken up the subjects of bank organization, management and kindred topics. You have been studying how the intricate machinery of the bank works and what the machine was created for. At first you looked at this machine as a whole; now you are taking it apart, piece by piece, and examining as through a microscope, each individual unit and ascertaining what function it performs in the organic whole.

There is one part of this complicated machine, however, that is most essential to its very life—we may call it the heart of the machine, so important and vital is it to its very existence. It is the part with which the general public is the least acquainted, but it is the part to which the banker gives his most thoughtful and unremitting attention. Other parts of the great machine may be taken care of by his assistants and employees, but this part requires his most conscientious personal supervision. It is the part known as the "Bank's Investments," for a bank must judiciously employ its funds if it expects to meet its running expenses, to pay a fair return to its stockholders, and to protect its depositors.

The selection of a bank's investment cannot be made at random, but each investment must be carefully considered and accepted only when its characteristics measure up to the requirements of the institution. The banker must be prepared to meet the demands of his depositors at all times. He is the trustee of their money and he must render an immediate accounting of his stewardship whenever required. In normal periods his cash reserve augmented by daily deposits may be sufficient to meet the ordinary run of withdrawals.

There are times, however, when unexpected demands may arise, when withdrawals greatly out-balance deposits, and then the wisdom of the banker's investments is put to its highest test and is measured by his ability to convert his assets into cash or to secure from others in the banking fraternity loans on the collateral which he is able to offer. If his securities have been carefully selected he will have no cause for anxiety.

The matter of a bank's investments then is of supreme importance. There are numerous ways in which a bank may invest its funds, and some of these you have already considered. In your previous lectures you have taken up a discussion of commercial and individual paper, or promissory notes, collateral loans and real estate bond and mortgages. To-night we are to take up one of the most im-

portant in the field of present day investments—that which is afforded by stocks and bonds—the securities of corporations, and not of individuals or of partnerships.

### Development of the Corporations.

If we were to rummage back into history for the origin of the modern corporation we would find its earliest conception in the civil law of ancient Rome. The word "corporation" comes from the Latin "corpus"—meaning "body." As the feet, the hands and the different members of the human body, while units in themselves, give up their independence and their very life to create one supreme unit—the body—so the stockholders of a corporation give up their individuality from a business standpoint by amalgamating into one body corporate.

The Roman state was a corporation, and public corporations were the forerunners of the huge railroad and industrial corporations of to-day. Governments, states, municipalities and townships are corporations, or corporate bodies, and the citizens are the stockholders thereof. These are designated as public corporations, in contradistinction to private corporations, such as own and operate industries and railroads.

The development of the present day corporation from its earliest conception in Roman law has been a matter of hundreds of years, and it was only with the growth of commerce and industry that it reached its highest organization. From the public corporation of Rome there developed, with the advent of Christianity, the ecclesiastical corporation, and as examples we have the monasteries and religious orders of the Middle-Ages.

Corporations are divided into two general classes: (1) Ecclesiastical, and (2) Lay. Or we might say religious and non-religious. We have none of the former class in the United States. Our ecclesiastical corporations are not limited to strictly ecclesiastical matters. Trinity Church Corporation owns tenements and operates office buildings. The non-religious or lay corporations are still further divided into civil and eleemosynary and these two classes are the ones with which we are most familiar. Civil corporations consist of public and private, while eleemosynary corporations are those whose purposes are to foster charity or education, such as schools, colleges and hospitals. As there is no money to be made in this latter class of corporations, however, bankers as bankers are not interested in them. They belong to the realm of the philanthropist.

Before we take up the study of corporate securities it is well to see wherein a corporation differs from other forms of business organization, such as partnerships or joint-stock companies, and also to sketch briefly its development in the United States. If we open up our school histories and turn to the



pages giving picturesque accounts of the colonization of this continent, we will find mention of three important companies—the London Company, the Plymouth Company and the aggressive Dutch East India Company. English and Dutch enterprise sought and fought to profit by the opening up and colonization of a new world. These companies were called joint-stock companies, and were in their day a fashionable way of increasing one's principal and income by obtaining valuable grants from the King or State for little or nothing. This was the introduction on American soil of the combination of capital for business purposes, and these historical companies were the ancestors of the United States Steel Corporation and the thousands of other corporations of to-day.

A joint-stock company, such as we have mentioned, is one wherein the capital is divided into shares, which may be sold and transferred at the will of the holder without the consent of his fellow shareholders. As long as he is a holder of his share or shares, however, he is a partner with the others and is personally responsible for the obligations of the company, but when he sells his shares his responsibility ceases and is assumed by the new holder.

In respect of liability the stockholder in a joint-stock company occupies the same position as the partner in a partnership. The partner is liable for the debts of the partnership, but he cannot, however, dispose of his interest in the partnership at will; he must first obtain the consent of his colleagues, as the contract into which they all have entered cannot be dissolved except it is mutually agreed.

In the corporation of to-day, however, there is no liability to the stockholder beyond the amount of capital which he has contributed, except in some special cases, such as national banks, where the stockholders are liable for a further call of an amount equal to their par value of holdings in case of the insolvency of the institution, but in any event it is definitely limited. It was only by limiting the stockholder's liability that large corporations became possible.

A corporation may be defined as a so-called "artificial person" created under the laws of the various states for a definite purpose, having the right to hold, acquire and dispose of property, sue and be sued, to participate in inter-state commerce, and to continue its existence by succession, the stockholders of which are limited in their liability.

It was not, however, until 1781 that any corporate securities were really known in the United States—when the Bank of North America was incorporated in Philadelphia and its capital stock subscribed for. A few years later, through the efforts of Alexander Hamilton, Secretary of the Treasury under President Washington, the first Federal Congress authorized the sale to the public of about \$80,000,000 of bonds, then called "stock," to take care of the war debts previously contracted by the Continental Congress and the various States. These and other bonds subsequently issued by the Government were supplemented by the increasing amount of stock brought into existence by the creation of new banks, and these securities became a popular form of investment with the American people.

During the presidency of John Quincy Adams there was an urgent demand for internal improvements and this brought into existence a crop of canal companies. With the invention of the steam locomotive the railroad quickly followed a few years later. In 1831 the first steam railroad in the United States, the Baltimore & Ohio, was opened for operation, with about seventy-five miles of road. Within the next eighteen years the railroad mileage of the country was increased to 5,996, but it was not until 1849, after the discovery of gold in California, that the railroads commenced their rapid expansion, reaching the present figure of about 240,000 miles in the exceedingly short period of about eighty years.

With this remarkable growth of the railroads there was a corresponding industrial growth throughout the country. The beginning of the large industrial corporations, however, whose securities now command a prominent place in the investment field of to-day dates only from 1898—after the State

of New Jersey had taken the initiative in enacting a law permitting the combination of corporations through the instrumentality of the holding company, the principle of this law having previously been held contrary to the common law of the land.

I have endeavored to sketch briefly for you the development of the modern corporation in order that you may be able to better appreciate how it is financed and how it obtains the vast sums of money necessary for the handling of the big business entrusted to it.

#### Corporate Securities.

It is very important that we have a clear understanding of the difference between the two general classes of corporate securities—stocks and bonds. The Capital Stock represents ownership, and is divided into equal parts, called shares of stock. This is the oldest form of corporate capitalization. It probably originated in the furtherance of shipping, where two or three men owned shares in the vessel, and may have been in vogue among the ancient Phœnicians.

Originally the stock was of one class, or what we would call Common Stock, but with the development of industry and commerce merchants became anxious to increase their business by obtaining further capital. It was not, however, policy to sell additional capital stock, as by so doing it was feared that the control would pass into other hands and furthermore it was not desired to give up too large a share of the excellent profits in sight, so the Preferred Stock was devised and proved tempting to people with funds who were willing to forego the voting privilege and a fluctuating profit in lieu of a definite dividend return.

As long as the enterprise was successful, however, the holder of the so-called Preferred Stock Share was content, but when the affairs of the concern were not so prosperous the Preferred Stockholder generally suffered a non-receipt of dividend, in company with the Common Stockholder. Upon the revival of business and when earnings began to come in again the Common Stockholders, so as not to defer dividends on their own shares, refused to sanction the payment of back dividends to the Preferred Stockholders, maintaining that they were under no obligation to do so.

So the next step in the evolution of stock financing was the cumulative Preferred Stock, so-called in contradistinction to the former method which is now called the non-cumulative, whereby it was provided that in the event of the passing of the Preferred Stock dividend all unpaid dividends should eventually be paid before the declaration of any dividend to the Common Stockholders. This additional privilege was made necessary in order to attract the desired capital and is the more common form of preferred stock issues of to-day.

There was a step still further when First and Second Preferred Stocks were created, but there are not many of these now in existence and they are not over popular with the investing public.

The stocks, then, simply represent ownership, the full control of the corporation being vested in the Common Stockholders. They are similar to the partners in a partnership, excepting they are not, as previously mentioned, personally liable for the debts of the corporation. The Preferred Stockholders occupy a position analogous to the special partners in a partnership; they contribute their capital upon certain definite terms, but have no active voice in the management. Of course, there are cases where Preferred Stockholders are given certain voting privileges, but these cases are exceptional and do not alter the general characteristics of the stock issues as we have given them.

The second class of corporate securities comprises the bonds, or as the name implies, the obligations of the company. They are promises to pay, just as ordinary promissory notes, and may in addition be secured by a lien on specific property. The holder of a bond does not share in the profits of the company like a stockholder, but receives a definite rate of interest at specified times for the use of his money. He is a creditor of the corporation. In the

case of the stockholder there is no maturity of the amount of principal subscribed, the only possible return being upon the dissolution of the corporation when a proportionate distribution of its net assets, after the satisfaction of all obligations, is made. There is a certain definiteness about a bond—a certainty of fixed values, a fixed rate of interest and a fixed amount to be paid at maturity—that places these obligations upon a definite investment basis.

The question is often put to the bond man, "What is a bond?" This can best be explained by comparing it with a real estate bond and mortgage, with which the majority of people are familiar. When money is loaned upon real estate, the mortgagor, or the one who borrows, executes two papers in favor of the mortgagee, or the lender. The first is called a bond, which is an instrument in writing whereby the borrower binds himself, his heirs and assigns, to pay unto the lender a given sum of money at a specified time together with interest. The second, given as security for the bond, is called a mortgage, which is an instrument conveying the title to the property to the lender, with the provision, however, that if the borrower satisfies the conditions imposed in the bond—that is, the payment of a certain sum of money at a given time, together with interest, this conveyance is to be held null and void. This in short is the definition of a bond and mortgage.

It is always possible for the individual to obtain a loan secured by lien on his property, provided the security is good and considered ample. If, however, his property was of so great value that he desired to obtain a loan of several millions of dollars, he would find it quite difficult, or even impossible, to locate any one person willing to lend him so large an amount. If, on the other hand, the borrower could find a number of persons who could jointly contribute enough money to equal the amount of the loan, he could divide this total amount into equal parts and each lender could have a proportionate interest as he may desire.

This, then, is the case with large corporations, which, as we have seen, are legalized persons. In the development of their properties on a profitable scale they require immense sums of money. It is as impossible for the corporation as for the individual to obtain so large amounts of money from any one source. So they divide the total amount desired into equal parts, usually of \$1,000 each, thus allowing those who wish to participate in the loan to take one or more of the fractional amounts. These fractional parts are called bonds, being instruments binding the borrowing corporations to pay a given sum of money as stated.

Instead of creating separate mortgages to secure each of the holders of these bonds, there is but one mortgage executed, usually in favor of some responsible banking institution, which acts as trustee for the various persons holding interests in the mortgage. In the real estate bond and mortgage there are two separate instruments—the bond and the mortgage—in corporation mortgages, as we have seen, there is but one mortgage securing many bonds. The different parties participating in the indebtedness are given engraved certificates—the bonds—representing their respective interests in the loan and as evidence of the amount due them.

Mortgages are always authorized for a certain amount, and in the reading on the face of each bond it is definitely stated that that particular bond is one of an authorized issue of a stated amount, all of which are of equal rank and like tenor. When all the total authorized amount of bonds has been issued we speak of the mortgage as being "closed," as no further amount of bonds can be issued thereunder.

It often happens, however, that a corporation does not wish to put out all the bonds of an issue at the one time. It may be that the work of construction for which the mortgage was created will not be completed for five or ten years, and the company does not wish to accumulate a large sum of money for which it has no immediate use and upon which it must pay interest, so it will sell only a portion of the bonds in the beginning—just enough to give it sufficient funds for present requirements. So we speak of this mortgage as being an "open

mortgage"—more bonds besides those already placed may be subsequently brought out and when issued will be of the same import and rank as those already outstanding.

In order to protect the bondholders against more bonds being issued than provided for in the mortgage, the Trustee is charged with the duty of keeping a complete record of all bonds issued, the certificates of which must pass through its hands and bear its written certification before they become valid and binding obligations of the Company.

This precaution is also taken with stocks. In the early history of the stock market there were certain gentlemen who persisted in keeping themselves supplied with lunch money by the simple method of cultivating the friendship of a willing and gracious printing press. Whenever these gentlemen so decreed, these little machines, like the goose that laid the golden eggs, turned out shares upon shares which were quickly sold to the unsuspecting public. The evil became so great that the Stock Exchange was obliged to take action and ordered that in the future all companies having shares dealt in on the Exchange must appoint a registration agent, who was to register all stock certificates issued, as in the case of the Trustee with bonds, in order to prevent an over issue.

As to the Trustee of a bond issue, however, you must carefully bear in mind that it has nothing whatsoever to do with the standing of the bonds as an investment. Many people not versed in the matter often judge the value of an issue by the name of the Trustee appearing in the circular. The name of a big banking institution does not in any way guarantee or indicate that the issue is a strong one, nor on the other hand does the name of a small institution signify the opposite. The duties of the Trustee are simply to see that the terms of the mortgage or agreement are followed out and its position is an arbitrary and impersonal one, it being, as it were, a central unit of representation from the legal viewpoint for the outstanding bonds.

In the foregoing I have referred to a bond secured by a mortgage. All bonds, however, are not secured by a mortgage on property; some are simply promises to pay. In that case there is no mortgage securing the bonds but a written indenture or agreement—a covenant between the company and the Trustee. Whether it is an agreement or a mortgage securing the bonds, however, does not alter the description of a bond as we have outlined it.

A few moments ago we learned that stocks are divided into Preferred and Common. We shall now see that bonds are likewise divided, only to a far greater extent, in accord with the character of the security underlying them. It is very simple to understand the nature of a first, second or third mortgage, or a promise to pay, but some of our railroad bonds are of such a complicated character, having in their make-up a complication of every lien imaginable, that they are very difficult to understand. With industrial companies and smaller corporations, the capitalization may be comparatively simple, but with railroads, starting at first with a small property, adding each year new extensions or absorbing existing lines, building new terminals, all of which require an outlay of new capital, the matter is not quite so simple.

When capital was first required it was clear sailing to create first mortgage bonds and sell them, provided, of course, the property was good. People knew and could appreciate the strength of a first mortgage bond. When the companies, however, wanted additional capital it was natural to consider a second mortgage, and after that a third mortgage. But right here their trouble began. The American people were prejudiced against the terms—second and third mortgage. To be sure some of these were placed, but the idea was not popular and it was difficult to raise money through the flotation of mortgages bearing such odious titles. From their experience with real estate mortgages they knew how little equity remained for second and third mortgages, owing to the stationary character of the property, and they could not appreciate that placing second and third mortgages on railroads was in

reality creating an equal equity by the creation of new property through the proceeds received from the sale of these additional securities.

The railroads were constantly growing; constantly expanding—and new capital was required and must be raised by the sale of securities. So it was found necessary for the railroads to give their securities names that would not be onerous to the investing public, just as an attractive title is given to a book to make it sell. This is the way with live up-to-date merchants the world over who have wares to sell, and the railroads like merchants have something definite to sell—credit.

It did not take long to prove that it is far more easy to sell a General or a Consolidated Mortgage Bond than a Third Mortgage Bond, although the liens may have been identical in each case. The new names were far more impressive and besides there was a certain mysticism about a Consolidated or a General Mortgage Bond that a Third Mortgage Bond could never aspire to possess. Do not blame the railroads for substituting a less definite title for a more definite one. They were simply compelled to obey one of the most important laws of psychology, and there have been no grievous faults to find with their action. When people purchase a Consolidated Mortgage Bond they are generally fully acquainted with the character of the lien, and they are perfectly content.

There is no hard and fast rule to follow in the naming of bond issue, and there is no limitation to the catalogue of titles. If you can think of a good name that will cover a proposed issue better than the usual one, and, what is more to the point, cause it to sell more quickly, you will have added a new bond to an already long list.

There are certain names for bonds, however, in daily use that we should be familiar with, and I shall hastily go over with you the more important of them. As we have seen, the very strongest title to give any bond is that of First Mortgage—it is and will always be the best seller. When the railroads of the country began to consolidate and form important systems, the combining roads generally carried with them into the new organization the bonded debt which they already bore and which could not be removed until maturity. The new company, however, generally wanted to raise funds for additional improvements—to build new bridges, new stations along the line, or to straighten out a snake-like turn in its road-bed. They could not raise funds through the sale of a first mortgage on its combined property; the lien would more likely be a second, third or even a fourth mortgage, and even then would not be uniform on all the merged properties. So we have the consolidated Mortgage, secured by a mortgage on the entire consolidated system, or a unifying Mortgage, unifying the integral parts into one system by one mortgage covering all. Then we also have the general Mortgage of similar character, as well as the refunding Mortgage.

As we have seen earlier in the evening a mortgage may be an open or a closed one. If it is an open one a provision appears in the mortgage stipulating just how the balance of the bonds may be issued. It may be that they cannot be issued except for say eighty per cent. of the cost of new construction, which when completed will become subject to the lien of the mortgage, or it may be that a certain amount of the bonds is reserved to take up underlying bonds of the merging companies as they mature.

In order to simplify the bonded debt and to save legal and other expenses attending the creation of new mortgages, corporations oftentimes anticipate their future needs by setting apart a certain amount of bonds for a definite purpose. Certain underlying issues may mature during the life of the new mortgage, so a definite amount of the new bonds may be reserved to take them up at maturity, the proceeds from the sale of one being used to satisfy the payment of the other. In this way the old mortgages are refunded as they fall due by issuing bonds of the newer and larger mortgage in their stead. This is one of the purposes of the refunding Mortgage, although the refunding provision may appear in the Consolidated, General, Unifying or any mortgage

having underlying liens which mature during its life. This greatly simplifies and reduces the number of bond issues of a system outstanding by eventually substituting one mortgage in place of a dozen smaller ones and is always considered a good piece of financing.

There are two methods of merging properties: first—that of extinguishing the corporate identity of the merging companies by issuing new (or the controlling company's) securities in exchange for the separate companies' securities which are then cancelled; and secondly—that of purchasing the stocks of the merging companies whose corporate identity remains undisturbed. In a merger on the former method there is an exchange of securities and little money is required except for the legal and other expenses connected therewith. In the second method, which often proves more desirable, funds must be raised to finance the outright purchase, so the collateral trust bond was devised. These bonds are secured by deposit with the Trustee of the corporate securities which are purchased, either stocks or bonds, and issued for say eighty per cent. of their market or cost price, the balance of the money being put up by the company as an equity. This has been a most popular method of financing mergers.

Where the merging corporations lose their corporate individuality, as in the former method, the new corporation will be obliged to assume the bonds and obligations of the merging companies. These will then become promises to pay of the new company instead of the old one, although the lien of the security may remain as before. These bonds henceforth bear the name of the new company and are known as assumed bonds.

Sometimes it is very desirable for a company to raise funds through the issuance of more stock, as by so doing they create additional capitalization which will never have to be repaid and upon which dividends are only payable when earned. The market may not be opportune for the advantageous sale of the stock at the time when the company needs the additional funds; the company feels that it should realize a better price from the sale of its stock than that prevailing. It can, however, sell its obligations on a satisfactory basis, but the purpose is not to increase its obligations but rather its stock.

So the company does the next best thing—it creates a convertible bond, the holder of which may, upon certain terms, convert his bond, during its life, into stock, which has been set aside and held in reserve for this particular purpose. If the stock market improves later on and the price of this particular stock rises above a certain point the holders of the Convertible Bonds will find it more profitable to convert into the stock, thereby fulfilling the original desires of the corporation. If, however, the stock should on the other hand decline, the bondholder is protected, as there is a limit to the decline of the Convertible Bond which has a value aside from its convertible feature as a direct interest-bearing obligation of the Company. Convertible Bonds, as a rule, are, therefore, an attractive form of investment, possessing as they do the speculative possibilities of stock and the stability of a bond.

There is another class of railroad bonds that is popular with the investing public, namely, equipment bonds. As the name implies, these bonds are issued to provide funds with which to acquire rolling stock. The principal of the Car Trust is usually made payable in equal semi-annual installments covering a period of ten years, this partial payment of the principal of the issue being made with a view to protecting the bondholder against the depreciation of the equipment. Equipment issues are originally created to cover about ninety per cent. of the cost of the equipment. As the entire amount of equipment remains undisturbed under the equipment trust until the last installment is paid, the equity for the remaining maturities is fully maintained as the payment of the principal is made at a faster rate than the depreciation. The equity is in fact more than maintained; it is gradually increased as ten per cent. of the trust is paid off annually, while, according to the Master Mechanics' Car Builders' Association steel



equipment depreciates only about five per cent. per annum and wooden equipment about six per cent. per annum. As equipment is essential to the operation of a railroad, which as a public necessity must be operated and kept open under all conditions, railroads cannot afford to forego the use of their equipment through failure to satisfy the terms of the equipment trust.

There is just one further form of bond that I want to mention, and that is the **debenture bond**. The Debenture Bond is an unsecured obligation, the word coming from the Latin meaning "to owe." The name is a strong and euphonious one for an unsecured issue, although many of the debentures of our prosperous companies are far ahead of mortgage issues on lesser properties from the investment standpoint.

#### Long and Short Term Securities.

There is a further classification of bonds in accordance with the length of time they have to run, and we, therefore, speak of long term bonds, running for ten or more years, and short term securities, running for only a few years. The former class is issued as a means of permanent capitalization, while the latter is the usual method of providing temporary funds where the company does not wish to borrow from banks, or when permanent improvements cannot be financed successfully at the time through the sale of long term bonds, owing to the prevailing market conditions.

Short term securities in themselves are a particularly favored form of investment, especially with banking institutions. Owing to their transient nature, they are never listed on the stock exchange, excepting of course long term bonds that were originally listed and are nearing maturity, but they nevertheless enjoy a good market among banking houses and are considered a liquid asset. They are generally issued in the form of a note, and in some cases are secured by lien on specific property, such as collateral held in trust by the Trustee. On account of their constantly growing nearness to maturity, at which time the holder thereof will receive a definite amount of money, their fluctuations from this maturity value are limited, and become negligible as the time to maturity shortens.

#### Underwriting and Syndicating.

Like other commodities the credit instruments of corporations, such as bonds, must be sold, and there has accordingly grown up in Wall Street, the financial center of the country, an elaborate distributing organization. It requires special machinery that corporations themselves can hardly hope to possess to successfully place bond issues. The business of the corporation is to develop its properties, and this in itself requires its undivided attention; on the other hand the business of the investment banker is to know how and where to sell securities and to keep posted regarding general investment conditions. Corporations cannot deal with the separate investment units—this is the work of the banker.

So when corporations have securities for sale they first interest their banker, in the issue, who having satisfied himself as to the security after a most careful investigation, agrees to underwrite the whole amount at a certain price. In other words, the banker agrees to take the entire amount of the bonds from the corporation.

After the bonds have been purchased the banker then starts his selling campaign, for he must sell the securities in order to reap a profit on the business which he has undertaken. When it comes to an issue of many millions of dollars he probably realizes that he can not place the entire amount of bonds among his own clients; furthermore, if he should devote all his time to this one business, as well as the capital involved, he would be greatly handicapped for further business which might present itself in the meantime. What he wants are quick turnovers and many of them.

So in order to quickly and satisfactorily place the securities purchased, the banker forms a syndicate. He has established business relations with

other bond houses in Wall Street and throughout the country that have long lists of investors who look to their bankers for investment offerings, and he invites them, after presenting for their consideration the bonds which he has purchased, to join with him in a syndicate for their distribution or sale, knowing that their connections will be of great value to him in the business undertaken.

The syndicate is usually formed at an eighth or one-quarter above the price at which the bonds are purchased from the corporation, that is, the banker sells the entire amount of bonds he has purchased to the syndicate and the small commission is due to him for originating the business and for managing the syndicate after it is formed, for this duty will probably fall to him. The terms of the syndicate are carefully stipulated in a letter, sometimes in a formal syndicate agreement which is signed by the members or participants joining in the syndicate. It provides for the selling price of the bonds, and for a commission from this price to the syndicate members on all bonds which they may individually sell. It is so regulated that after paying this selling commission there is a difference between the net price realized and the cost to the syndicate, or a profit which goes to the general syndicate account for the final benefit of all members, so that on every bond sold there is a certain profit accruing to the syndicate as well as a certain commission above that price going to the participant selling the bond as an additional incentive for him to put forth special efforts in their disposal.

Each member of the syndicate, including the banker who formed it, subscribes to a certain amount of the bonds in the syndicate, and his syndicate interest is the proportion the amount he subscribes for bears to the whole. The participant will probably not be required to put up in cash the amount subscribed for as the syndicate will make some banking arrangements to have the bond carried for say the coupon rate, and bonds are released from this loan as deliveries are made against sales on the instructions of the syndicate manager and against the satisfaction of the proper proportion of the loan.

If the syndicate proves successful the syndicate manager will apportion at its termination the profits in the account, after the payment of all expenses such as the printing of circulars, etc., to each participant in accordance with the amount of the syndicate he has subscribed for. Sometimes, however, the syndicate may not prove successful, in which event the participant is then liable for his proportion of all losses and obligations.

The syndicate forms an important function in the financing of securities and all bankers rely upon it when they desire to market new issues.

#### Bonds as Investments.

We have now considered many of the technical characteristics of bonds. I now want to pass on for a brief consideration to the subject of bonds from the investment standpoint. When we come to consider bonds as an investment the subject becomes a very different one. This is where the banker exercises his keenest judgment and forethought. There can be no set rules by which to measure the quality of investments, as there is in measuring gold or wheat; each man has his own opinion based on logical reasoning that determines in his own mind the standing of the securities under consideration. There are, however, certain general factors that must be borne in mind and I want to impose a little further upon your patience and present them for your consideration.

When a man has money for investment his first thought is one of safety. If he lends his money he wants to be sure that it will be returned to him. He will not lend it unless he is confident that he will get it back, one hundred cents on the dollar, as stipulated. Next in importance to him is that the interest return is secure—that the borrower of his money is perfectly capable of handling it and of making more money, and able to pay him the amount of interest agreed upon. The keynote of the whole investment, then, is that of safety, and the two factors by which the investment itself is judged

are (1) the safety of the principal and (2) the safety of the interest. These two factors are inherent with the security itself and are the only two factors by which to measure the intrinsic value of any security. They may, therefore, be called the primary factors in contradistinction to the secondary factors which lie wholly without the security itself.

The safety of the principal is determined by the character of the assets behind it and by the credit of the borrower; the safety of the interest is determined by the earning ability of the company. The assets and earnings of a company are very closely allied, as we generally value a property by its earning ability. Earnings indicate value. A property that is able to report big earnings is undoubtedly of value, although sometimes earnings may be due to artificial causes, such as a favored monopoly, having only a transitory life. Sometimes good properties of real value fail to meet their interest obligations through the lack of efficient management. So these two factors should be considered first by themselves and secondly as they relate to each other, when judging of the value of the bonds as an investment.

There are, however, other factors which lie wholly outside the security itself, and which may be considered under the general heading of Market Factors, or secondary factors. The securities under consideration may be intrinsically sound, but what are the market conditions surrounding them? Am I buying at an opportune time; am I paying too much or am I getting them at a bargain? What are the chances for my selling and getting my money back if I shouldn't want to hold them until maturity? Is there any chance for appreciation in market value? What is the general industrial condition of the country? Are we in for a period of prosperity or of depression, for these affect corporate earnings? What is the political situation? Will industry be disturbed by coming tariff agitation or will the Department of Justice annihilate all corporations from the face of the earth, and especially the corporation of which I anticipate being a security holder?

These are considerations bigger and broader than those of the securities themselves and are of great import. Of these whole economic pros and cons your little investment is only an atom. It is like the piece of timber floating on the ocean's crest; coming in on this wave and receding on another, carried along by a power that is mightier than itself, although it may be the very best and stoutest piece of timber in the wide, wide world. These are the problems to which the professional traders in securities give their most constant attention, and every banker must follow closely the economic developments about him if he expects to give his institution the best of service.—Copyright, 1913, by Francis Theodore Tilton.

### CREDIT AND ITS FUNCTIONS.

By Arthur A. White of the Commercial National Bank of Syracuse—Winner of Prize Awarded by C. W. Snow—Paper Read Before Syracuse Chapter of the American Institute of Banking.

THE term "credit" is derived from the Latin word *credo*, meaning "I believe."

Debt, the opposite of credit, is derived from the Latin *debeo*, meaning "I owe."

There can be no debt without credit, likewise, no credit without a corresponding debt.

Credit is trust and confidence placed in another's ability and willingness to pay his obligations at maturity.

Nasse, a German economist, says, "Credit is the confidence felt in the future solvency of a person, which enables him to obtain the property of others for use as a loan or for consumption."

If we part with property which possesses value, we should get value in return, else the exchange would not be of mutual benefit.

Parting with money or other merchandise in exchange for a promise to pay at some time in the future is a simple credit transaction.

It has been proven that more than ninety per cent. of the business transactions of to-day involve a transfer of credit.

By an intelligent use of credit, capital is employed with a much larger productivity, at the same time adding largely to a borrower's success.

Webster says, "Credit has done more a thousand times to enrich the nations than all the mines in the world."

We can safely say that our present high state of development and prosperity is largely due to the liberal granting of credit in the past. Bold, aggressive business men have successfully carried through large enterprises which, without the aid of credit, would have been impossible.

The handling of credits has undergone a material change during late years. In earlier times the general reputation and worth of a man largely determined his right to credit, but to-day credit is dispensed with a larger amount of intelligence and knowledge of the subject. It has been reduced to a scientific study of the man, his methods of doing business and his resources.

While the element of confidence enters into every credit transaction, it is necessary that confidence be based upon something that is real and substantial.

The possession of valuable property is the first prerequisite of good, sound credit, otherwise the risk is more or less a speculative one.

### The Credit Department.

This department is essential to every well managed business. To make it strong and effective, it should be liberally supplied with such facilities as will aid it in securing accurate and necessary information, and in rendering such other services as it may be called upon to perform.

Nearly all well managed, up-to-date banks now find it profitable to maintain a well organized credit department.

The first essential in the organization of a credit department is the selection of a head. Too much care cannot be exercised in making this selection, as the duties are of heavy responsibility, and then the fact that the success of the department is measured by the wisdom and prudence of its manager.

The chief duty of the credit man is to determine who to trust and to what extent. This he does by making a careful and exhaustive study of the individual who has applied for credit.

The qualifications of a successful credit man are many and varied. His work is delicate. It touches men at their most sensitive point—their character and worth. He should be a man of good character, sound judgment, tactful and courteous; he should have a broad and general knowledge of business methods and conditions; some experience as an accountant will be of much value to him in the analyzing of financial statements and other reports.

The credit man's work is never done, for after a loan has been made he must keep constant watch of the borrower and his business. He should scan the columns of the morning paper and the daily reporting sheets issued by the mercantile agencies, so as to keep posted on conditions of trade, also assignments, judgments, conveyances, mortgages and petitions in bankruptcy, particularly if any of the parties are on paper owned by the bank. He should prepare a list of paper maturing each day, and have at hand all credit data pertaining thereto, so as to permit of quick action in reference to any increase or extension which may be asked for. He should take charge of all applications for new loans, and prepare the proper memoranda to be submitted to the discount committee. He should investigate new accounts, have charge of the average balance cards, and keep his files constantly up to date. He should keep a record of the various lines of discounts granted to borrowers and see that none exceeds their limit. He should keep a record of paper purchased in the open market, and have charge of the adjustments of failed and doubtful accounts. He should carefully read reports of mercantile agencies, marking with different colored pencils the favorable or unfavorable information contained therein.

**Collecting and Compiling Credit Data.**

The first source of information in reference to an applicant for credit is the man himself. It is always best to have a personal interview, as the banker will acquire many facts and impressions which, otherwise, he would have been unable to obtain. If the information disclosed by the personal interview be not sufficient to satisfy the banker as to the applicant's qualification for a loan, the credit department should get data from such other sources as are at hand.

In obtaining credit data from different sources, we can make comparisons and form a more correct opinion of our customer.

The bank account of a customer who wishes to borrow affords a reliable source of information, and should in all cases be carefully scrutinized.

The individual ledger contains between its covers a veritable mine of credit information.

With few exceptions the first thing to receive attention is the average balance maintained. Determine if his account is a profitable one. Does he occasionally overdraw? Is his balance made up of items in transit, which may take several days to collect, and does he resort to sharp practices, such as the kiting and post-dating of checks?

Upon making an analysis of a customer's account, the banker may be surprised and chagrined to learn that it has been carried at a loss for several years. Some customers always have a substantial cash balance, while others have practically no balance and use their bank as a convenience only.

The cancelled checks of borrowers should receive an occasional examination. Examine with the object in view of determining if they represent legitimate business transactions. If they are of the variety known as the "voucher check," it is possible to ascertain for what given, how bills are paid and discounts allowed.

A complete analysis of all commercial accounts, especially those of borrowers, should be kept on file in the credit department. All things that show ability and character through methods of doing business should be carefully preserved. At times they are more valuable than signed statements.

The modern mercantile agency is a convenient and reliable source of information, the rate-books affording the possibility of quick reference as to credit standings and estimated worth, while reports in detail regarding any particular concern may be obtained by special request. These reports usually give a complete and fairly accurate history of the concern in question, also information regarding the private affairs of those making up the firm.

The credit department should be in possession of a good manual of railroads and corporations, a financial magazine of high standard, a daily quotation sheet of listed securities, and a reliable daily newspaper.

Regular reading of trade and daily papers discloses items of financial news, crop reports, industrial conditions, also notices in respect to litigation of customers.

All items of interest in reference to any of the bank's customers or investments should be clipped so that they may be filed with other credit data.

Out of town banks afford a most reliable source of information regarding concerns located in their vicinity.

In writing letters of inquiry to other banks, the letter should be courteous, brief and to the point. We should bear in mind that the man who knows what he wants, and how to ask for it, is the man who gets the best and most reliable information.

All letters containing credit information received in response to inquiries should be acknowledged with a card of thanks, although in most cases they are consigned to the waste-paper basket as soon as read.

The credit department should be equipped with a suitable filing cabinet, divided into four sections: the first to contain information concerning the bank's own customers; the second, information concerning firms whose paper is purchased in the open market; the third, information concerning banks; while the fourth section should be used to contain

data relating to other firms and individuals who are not customers of the bank.

A convenient way of filing credit data and reports is to file them in large vertical folders, alphabetically arranged, one folder being assigned to each name. The last report should be filed on top, and a summary of the most important facts should be entered on the inside cover of the folder.

The department should be so well organized that where facts and figures are the basis of judgment, they are conveniently located.

The credit department of a large city bank serves not only its own needs, but those of its many correspondents. Therefore it must collect facts and other information concerning not only its own customers, but of other business houses in its locality.

All inquiries from other banks should be promptly and accurately answered. Unless your correspondent has indicated special information desired, it is quite probable he wants to know the same things you would under like circumstances.

The interchange of credit information among banks is fast growing in popularity. Inquiries through different sources will nearly always bring forth a differing line of ideas, facts and impressions, all of which may be of much value in passing judgment.

Financial statements should be obtained from all borrowers at least once a year, and comparison made with those of the preceding year. All changes should be carefully noted, while if any unusual change has taken place the maker should be asked for an explanation. By comparing the yearly statements of borrowers we can determine what progress they are making, and whether or not the business is prospering.

Every business should have a properly kept set of books, in charge of a competent accountant. New markets, modern processes and ever changing business conditions require more modern methods of accounting. A large proportion of business men do not know where they stand owing to improperly kept books. When they look at the figures in their statement, they may be surprised to see that they are worth so much, while at the same time they may have difficulty in obtaining money for their weekly pay-roll. Others are morally certain they are solvent, while in reality they are on the brink of failure. Many are not aware of the unstable condition of their business until their statement has been carefully diagnosed by a conscientious bank officer. Under proper advice their course may be changed from a disastrous one to another of safety and prosperity.

As the statement is the borrower's estimate of himself, it is only a weakness of human nature that it be made at the close of a flourishing business period, or at a time when profits and resources are largest and liabilities smallest. Since then he may have contracted large liabilities; or suffered heavy losses; or contingent liabilities may have become real ones. If he is gradually going down hill, and the business is a losing one, annual statements properly tabulated and compared will point out the weakness.

**Elements of Sound Credit.**

Character, capability and capital must always be considered in the making of an unsecured loan. If the applicant for credit possesses these three elements in the proper proportion, it is a pretty safe risk. A man who has character and ability, but little capital, is a safer risk than he who has capital and ability, but no character. If he has character but no business integrity, he is liable to fail. Ability without character is not a good risk; his statement may be "dressed," and cannot be relied upon, while the possibility is always present that he will use his ability to defraud his creditors.

Some one has rightfully said that "a crooked borrower is always a wise window dresser." His assets may be "padded" and liabilities much under-rated. For these reasons a statement signed by a reputable public accountant is preferable and allows but little chance of being "dressed." The auditor's report usually shows the true condition of affairs.



It only goes to prove that when the moral risk is bad the only safe way to make a loan is upon good marketable collateral. A man may have the means to meet his obligations at maturity, but not the willingness; or he may be willing but not have the funds nor the ability to get them. The statement may show up well and assets be sufficient by a wide margin to liquidate all liabilities, but if character is lacking the assets may be diverted in the interest of a preferred creditor or some member of his family.

The applicant's line of business is an important factor, and should always be considered in extending credit. He may be doing a large and profitable business but of unsound and illegitimate character. Under these circumstances the proposition is too risky to be even considered.

Is his location a favorable one; his stock of goods stable and in healthy demand a reasonable part of each year; or does it depend upon the whims of fashion or changes of season? If such is the case he may be overstocked with goods for which there is little or no demand. Some classes of goods have only a brief period of life; they may sell quickly to-day, and in the near future be practically worthless.

The former history of applicant's business should be investigated with as much care and thoroughness as is the present condition. His past history will disclose facts evidencing his business ethics and character. Amazing disclosures may be made, but it is what we are looking for. The best way to find out what a man will do in the future is to determine what he has done in the past.

The old adage runs that "he who comes into equity must come with clean hands." This is applicable to him who comes for credit, hence if his hands are unclean he might better be left alone. If his private character is not good it is morally certain his business character is not of the best.

Some important questions to be settled in the minds of those who grant credit are as follows: What are the applicant's personal habits? Is he dissipated? Does he gamble? Is he a plunger, speculating unwisely and rashly? Whom are his associates, and where does he spend his idle time?

Where did he get his capital? Did he accumulate it; or inherit it? Was his business left to him, or has he built it up? Men who have accumulated their own capital, built up their own business, and conduct it in a conservative and profitable manner, are, generally speaking, a pretty safe risk. Has he a practical knowledge of his business? Has he made money in the past, and will he continue to do so in the future? Are the present trade conditions good, and other prospects favorable? Is his capital, with what he wishes to borrow, sufficient to carry on his business in a profitable way? If not, and he be obliged to continue to produce or sell at a loss, makes failure certain, the date of which depends upon the size of his bank account and other available assets. What is the volume of business transacted, his running expenses, and his annual turnover?

To transact a large volume of business does not necessarily mean that profits are large. A man may do a large amount of business and still fail. In order to outdo his rival across the street he may undersell, thus cutting away profits.

What is the ratio of the volume of business to capital employed? It is evident that the more times he can turn his capital, the more he will be contributing to his profits, and the convertibility of his assets.

What are his business policies, and in what manner does he transact his own business? Is he disposed to be tricky and dishonest toward his own customers? Is he careless and loose in his methods of accounting, thereby opening the door for losses to enter? Is he prudent in extending credit to his customers; or does he grant it unwisely and indiscriminately? Is he prompt with his collections and payments? Does he discount his bills? Does he buy wisely so as to meet the needs of his trade? It should be remembered that "goods well bought are half sold." Does he have proper insurance protection? Too little insurance is poor policy; too much

causes suspicion. Has he an income outside of his business? Is he identified or affiliated with outside interests? Sometimes the collapse of a concern carries with it many of those with whom it is connected.

Does he endorse paper for the accommodation of his friends, and if so, to what extent? The practice is a dangerous one and should be discouraged. Liabilities of this sort seldom appear in the statement, thus adding to the danger. A man has no moral or legal right to pledge assets upon which others have a prior claim.

#### Variety of Loans.

At least once a year borrowers should pay up, or materially reduce their line of paper. This test of convertibility of the borrower's assets is of as much value to him as it is to the bank. In some cases banks require a complete liquidation annually. Another reason for this, aside from the test of convertibility, is that it is no part of a bank's business to supply permanent capital to a concern, as is indicated by a steady line of paper. Loans are for the purpose of buying merchandise or manufacturing goods in anticipation of making profits. They are classified according to the security offered to protect them. They may be secured by tangible property in the possession of the bank or a trustee; or they may be unsecured, the bank merely receiving a written promise to pay, the protection being in the character and integrity of the borrower, and the fact that he possesses valuable property; or they may be based upon bona fide transactions, undertaken for agricultural, industrial or commercial purposes, to be liquidated at some future time.

A bank's deposits are payable upon demand, hence the necessity of its loans being liquid as well as safe. Therefore, a good percentage of them should be paper that will be paid at maturity. Since the liquid character of all loans depends upon the character and nature of the maker's assets, it is evident that back of every good loan there must be tangible, marketable property, which can be readily converted into cash. Experience has proven that fixed assets such as plant and machinery, patents, good will and trade-marks, make poor assets with which to liquidate debts.

Collateral loans are, as the name suggests, of many varieties. They are secured by something in addition to the name of the maker. This security may consist of warehouse receipts, insurance policies, assignment of accounts, mortgages on real or personal property, bills-of-lading, stocks, bonds and other evidences of actual property.

Warehouse receipts.—The warehousing of goods is greatly increasing, for the reason that the property, while in storage, may be used as a basis for credit, pending the disposition of the same. In the making of such loans the goods should be of standard quality and marketability; a reasonable margin of safety allowed, and receipts properly assigned to the bank. The warehouse company should be in good credit standing, and of known responsibility. The property in storage should be amply protected by insurance, loss, if any, first payable to the bank as their interest may appear. Both receipts and insurance paper should be in possession of the bank.

Bills-of-lading.—Banks are often called upon to discount drafts to which are attached documents covering the shipment of goods. The most common of these documents is the ordinary "bill-of-lading" issued by a common carrier who has received the property for transportation. Such property should be of good marketable quality and value, a safe margin allowed, the bill-of-lading to order of bank, and accompanied by insurance papers.

Stocks, bonds, etc.—All loans secured by collateral should be executed on a specially prepared form, in which the interests of the bank are fully safeguarded. The right to demand additional margin, or dispose of the collateral in satisfaction of the debt, should be set forth clearly in the body of the note.

In accepting such security as stocks or bonds the financial standing and responsibility of the issuing companies should be fully ascertained. The se-

curities should be of quick convertibility, stable value and properly assigned.

After the loan is made the daily quotations should be watched to see that the market value of the security does not decline below the margin of safety.

**Corporate credit.**—The principal points to be considered in judging the strength of a corporation are the character and integrity of the management, the location and nature of its business, trade and competitive conditions met with, and the net worth of the concern as shown by its financial statement.

In case of a corporation seeking credit, who controls a number of subsidiary corporations, or has included among its assets large holdings in subsidiary companies, it is not safe to extend credit until such subsidiary companies have been thoroughly investigated.

Paper bearing the accommodation endorsement of a corporation should not be accepted for discount, as the law prohibits corporations from lending their credit.

Promissory notes of corporations are executed by the personal signature of one or more of its officers. Care should be taken that the signature shows the note to be a corporate obligation and not a personal one of the signing official.

In making loans to municipal corporations, the bank should require a certified copy of the resolution passed by their legislative bodies authorizing the proper officers to obligate the corporation and make the loan. Furthermore, an attorney should be employed to examine the right of the legislative body to bind their corporation.

#### The Statement as a Basis for Credit.

There is an element of weakness in the statement for the reason that borrowers, generally, are inclined to overestimate their worth. However, the ideal statement is one prepared by a certified public accountant; the facts presented can be better relied upon if certified to by some one whose professional standing is a sufficient guarantee as to the items and details as set forth therein.

No general rule for analyzing statements can be formulated, as no two statements are alike; each tells a different story, complete in itself.

Every statement should be analyzed with liquidation in view. Determine if assets, after allowing for the proper depreciation, are sufficient to discharge all liabilities. Under forced sales, assets always shrink, liabilities never do.

To-day credit is based almost entirely on the strength of the "quick" or liquid assets—cash, collectible accounts, bills receivable, marketable merchandise and securities—from which must come the funds to meet current liabilities. Fixed assets are considered only as an element of security. Annual sales, gross profits, expenses, dividends paid or profits withdrawn, are all important, and indicate the trend of the business.

#### BANK EVOLUTION.

By D. J. Lyons of the First National Bank of Cincinnati—Address Before Cincinnati Chapter of the American Institute of Banking.

**T**HE term bank (French *Banque*, Italian *Banco*, a bench, a tradesman's stall) denotes a building in which the species of financial business called banking is carried on and is also applied to corporate bodies conducting that business.

The earliest known bank was the firm of Egibi & Son, who seem from clay tablets recently discovered near Babylon, to have conducted an important advance, exchange and general financial business in that city from about 700 to 600 B. C. and subsequently, but it does not appear to have been definitely ascertained how far the character of their business approximated to that of modern banks.

The Chinese understood the use of paper money centuries before the European nations and are said to have indulged in the practice to excess and to have established a bank of issue about 1000 A. D.

Banking in Ancient Greece developed so far as to include deposits at interest and letters of credit as well as advances. The Romans derived their knowledge of banking from the Greeks, but banking as it is now understood did not commence before the twelfth century when the Bank of Venice was established.

One authority thinks that the first real bank was that of Barcelona, founded in 1401, and that the Bank of Stockholm, 1668, was the first bank in Europe to issue bank notes. Other early banks were the Bank of St. George at Genoa (1407) and the Bank of Hamburg (1619).

The Bank of Amsterdam (1609) was the great warehouse for bullion during the seventeenth century, taking charge of coin and bullion lodged, for which receipts, transferred from hand to hand, were granted, expenses being met by direct charges and a deduction from the nominal value of the sum credited on the books. But money lying in such banks was unproductive and costly to customers. With the advancement of social economy, improved means of communication and increased mutual confidence, banks of this class are no longer needed and have passed away. The era of real modern banking commences with the eighteenth century.

In the United States, as early as 1652, the institution of a bank in the colony of Massachusetts Bay was discussed and in 1686 permission was given a company to issue bills of credit on the security of personal and real estate. An institution known as the Land Bank was organized about 1712 in the same colony and notwithstanding severe opposition, it prospered for many years. Numerous other banking schemes were projected in other colonies but with little success.

The breaking out of the Revolutionary war was the cause of the establishment by recommendation of Congress of the Bank of North America, and this institution rendered efficient service to the government during this war.

In 1791, through the efforts of Alexander Hamilton, Congress established the First United States Bank with branches in several states. From the very beginning this scheme met with great opposition and became a political football, and at the end of twenty years, its charter having expired, it went out of existence as Congress refused to renew the same.

In 1816 the Second United States Bank was organized. This bank was the depository of the Government funds until General Jackson became President of the United States, when they were arbitrarily withdrawn. When Congress passed an act granting a renewal of its charter, said bill was promptly vetoed.

Meanwhile numerous state banks had sprung up and then began the days of wild-cat currency, during which period speculation was active and financial disasters were of frequent occurrence. In the panic of 1857 occurred an almost universal suspension of specie payments.

In the beginning of banking in the United States, subscription to bank stocks were payable in specie either in whole or in part, different states having different regulations. In 1833 the Franklin Bank of Cincinnati was authorized to begin business when one-quarter of its capital had been paid in specie, after an examination by a Commissioner appointed by the Governor.

State laws also regulated the distribution of stock in order to avoid concentration of money power; these regulations varied in the different states, and in spite of precautions many abuses were prevalent. Many favors were unworthily bestowed and great dissatisfaction prevailed. In Ohio, by the Charter of the Bank of Chillicothe (1808), no one person could hold over forty shares or subscribe for more than five shares in one day. Efforts to secure resident owners only were in vain.

During the first part of the nineteenth century banking privileges were frequently granted to transportation companies; as an example, the Ohio Railroad charter of 1835 provided that the funds of that company shall be paid out in orders drawn upon the Treasurer, in accordance with the by-laws of the

Company, and provided for their redemption by him. Without a dollar of the capital stock paid in and an empty treasury, the company began operations, paid laborers and contractors in its notes, and when the company suspended, there were outstanding several hundred thousand dollars in worthless currency. It was said of one such company that there was more watered stock sold than there were crosses laid.

The restrictions laid down as to note issues were very indefinite. The issues were all out of proportion to the specie fund and very little protection was given to the currency. Ohio did nothing to restrict note issues until 1812 and in 1835 limited the circulation to three times the specie on hand.

In these beginnings of banking, the directors were compelled to faithful directorship on account of heavy liabilities assessed against them on account of losses through their inattention to their duties.

No special liability was placed upon stockholders in the early days and attempts to introduce this feature did not meet with general success.

In 1839 an Ohio legislative committee reported in favor of individual liability under certain conditions and in 1842 individual liability was imposed.

Little or no suspension was imposed on banks in these early days. In Ohio in 1816 an act was passed providing for semi-annual statements to be made to the Auditor of State. Very few banks complied and as late as 1820 only one bank had complied strictly with the law. In 1839 provision was made for three banking commissioners.

During the time under discussion individual deposits did not play an important part in the banking business. Loans were taken out in bank notes rather than placed to the depositors' credit subject to check. The scattered population and embryonic state of the banking business made currency which passes from hand to hand more desirable than the use of checks. In 1840 there began to be an increase in deposits and a relative decrease in bank notes. In 1857 when the panic occurred bankers began to realize that deposits constituted a liability that might be difficult to care for in times of stress.

One principal cause that led up to the organization of National Banks was the number of lax laws relating to banking, which empowered capital to organize as banks and put into circulation their notes as currency.

These banks could issue a circulation far beyond their capital stock, with no other security than the good faith of the institution.

These wild-cat banks were prevalent in all sections of the country and the percentage of notes of doubtful value was so great that the knowledge of an expert was required at every turn to determine what to receive and what to reject. Counterfeit notes were in abundance.

Rates of exchange in these notes as between different parts of the country were so great as to almost obliterate profits on merchandise sold away from home.

One writer has said, "In the West the people have suffered for years from the issues of almost every state in the Union, much of which is unredeemable, so insecure and so unpopular as to be known by opprobrious names rather than the money it pretends to represent." There the frequently worthless issues of the state of Maine and other New England states, the shimplasters of Michigan, the wild cats of Georgia and of Pennsylvania, the red dogs of Indiana and Nebraska, the miserably engraved notes of North Carolina, Kentucky, Missouri, Virginia and the not-to-be-forgotten stump-tails of Illinois and Wisconsin, are mixed indiscriminately with the par notes of New York and Boston, until no one can wonder that the West has become disgusted with all bank issues and almost unanimously demand that such a currency shall be taxed out of existence and give place to a uniform National Currency. We could further enlarge upon the charter conditions in this regard which existed prior to and during the early days of the Civil War, but time and space do not permit.

The Civil War caused the debt of the United States to grow by leaps and bounds. In 1860 the

national debt was 65 millions; 1861, 91 millions; 1862, 524 millions; 1863, 1,120 millions.

The then Secretary of the Treasury, Salmon P. Chase, of Ohio, began his bond issues to take care of this debt, the details of which are not necessary to here enumerate, suffice it to say that the theory was advanced that the creation of a National Currency, based on the obligations of the United States, would provide a steady market for these bonds at normal rates of interest, give the public confidence in both currency and bonds and maintain the value of both, at least, at par.

Capital and the government would be mutually dependent on each other and every bank and banker would feel a daily interest in supporting and keeping the government credit above suspicion. Every citizen could feel that he could carry these notes anywhere in the country, knowing they were current at par wherever he went.

That the plan was a wise one, the past fifty years' experience has demonstrated. Indeed, we have become so accustomed to the national bank system that notwithstanding the fact that this bond-secured currency will not now satisfy the demands of business, we are very loath to make a change.

On February 25, 1863, Congress passed an act to provide a National Currency secured by a pledge of United States Bonds and to provide for the circulation and redemption thereof, and thus began our National Bank System.

In November of that year, Secretary Chase wrote, "The National Banking scheme is working well, about 130 banks have been organized." Mr. Chase's troubles were not yet over, only the smaller banks organized under the law and it was necessary to have Congress pass laws taxing out of existence all note issues except those based on government bonds, that is, National Bank Currency.

Legislation looking to this end did not have much effect until March 3, 1865, when an act was passed imposing a tax of ten per cent. on all notes of state banks in circulation after July 1, 1866.

The necessity for this legislation becomes apparent when we consider that up until November, 1864, only 584 banks with a combined capital of 81 millions had availed themselves of the privileges of the National Bank Act, less than a year afterwards, 1,566 such organizations were in existence with a capital of 276 millions. There were in June of last year, 7,372 National Banks with an aggregate capital of 1,033 millions.

Comptroller of the Currency Murry has submitted recently the most satisfactory summary of the banking of the country ever compiled, and I wish to quote here a few facts and figures. There are about three banks under state control to every one under National supervision, the aggregate capital of the 7,372 National Banks is 1,033 millions, that of state banks (estimated, for all did not report), 21,500 in number and an aggregate capital of 1,047 millions. By this you will see that the capital of the National Banks, although one-third in number, is about equal to that of the state banks. The individual deposits in National Banks are about one-half that of all other banks.

National Banks have, according to this report, about seventeen per cent. of their resources invested in bonds, securities, etc., while other banks have an average of twenty-four per cent. so invested; an evidence that the National Banks are taking care of the business demands of the country in a larger proportion than those acting under state laws.

The percentage of loans to resources is about the same for each class of banks, being fifty-five per cent. for the National and fifty-six per cent. for other banks.

Few amendments have been made to the Free Banking Act of 1851 in Ohio until the Act known as the Thomas Bill, relating to the organization of banks and the inspection thereof, was passed March 1, 1903, under which authority, banks of the state are now working. Section 1 of this Act reads as follows: "Any number of persons, not less than five, a majority of whom are citizens of this state, may associate and become incorporated to establish a commercial bank, a savings bank, a safe deposit



company, a trust company, or to establish a company having departments for two or more of all said classes of business upon the terms and conditions, and subject to the limitations prescribed in this Act."

It prescribes the minimum amount of capital stock that may be issued, the manner of certifying to the articles of incorporation, indicates its corporate powers, provides for the election of its directors, the manner of paying in the capital stock, indicates the duties of directors and other officers, restricts the payment of dividends, compels examinations annually under the supervision of the directors, places restrictions as to loans, owning of real estate and other investments, and specifies percentage of reserves each class shall maintain. It also provides that no bank or banking institution organized under the laws of any other state shall receive deposits or transact any other banking business except the loaning of money, in this state. The law goes fully into the details as to how the business shall be conducted uniformly so as to provide a safe and sound system.

A superintendent of banks, his office force and examining experts are provided for. This official is charged with the execution of the law in relation to the corporations coming under the Act and with the examination at least twice a year and at other times when requested to do so by the board of directors or trustees of the corporation.

It compels reports of condition, under oath, to the superintendent four times a year at his call, and directs same to be forwarded within ten days and to be published in the local newspaper.

You are all familiar with the good results that have attended the work of the Superintendent of Banks in this state. You have also doubtless noticed that these calls come about the same time as the Comptroller calls for a statement of the National Banks. Great good has been accomplished and state banking is now on a good foundation in this great commonwealth.

The National Bank Act has undergone few radical changes since its beginning.

The law provides that in the Department of the Treasury shall be a bureau charged with the execution of all laws pertaining to the National Bank Currency, the chief officer of which is called the Comptroller of the Currency. This official is appointed by the President with the approval of Congress. He has the supervision over the National Bank examiners and through them safeguards the millions of funds controlled by the National Banks of the United States.

The present Comptroller has done a great deal toward increasing the usefulness of his office, has introduced many new ideas, one of which is to create in directors more interest in the institutions they are supposed to direct, and has submitted to National Bank directors the twenty-nine famous questions. These give the directors and us an idea of the high calling of directorship, which is in the Comptroller's mind, and is a good example of the kind of man occupying this honorable and useful office.

As previously stated the National Banks were organized to provide a stable currency based on government bonds. In the beginning the law provided that a bank could issue currency only up to ninety per cent. of the par value of the bonds deposited, and their issue was restricted to a certain proportion of the capital stock of the issuing bank. The present status of the law is that currency can be issued up to the par value of the bonds and to any amount not to exceed the amount of its unimpaired capital surplus. The act of May 30, 1908, providing for National Currency Associations, provides for the further issue of currency based on municipal county and state bonds and commercial paper under certain conditions.

Each National Bank is compelled to deposit with the Treasurer of the United States in lawful notes of the United States, a sum equal to five per cent. of its outstanding notes to provide for the redemption of its circulation.

National Banks are not permitted to loan money or real estate, nor purchase same, except for the purpose of carrying on their business, but may acquire real property through taking same in payment

of a debt previously contracted, and may not hold same longer than five years. The reason for this is to keep the assets as liquid as possible, as all National Bank deposits are payable on demand. Loans are restricted to an amount not to exceed ten per cent. of the combined capital and surplus to any one person, firm or corporation, but this does not include commercial paper sold outright to the bank. They are forbidden positively to loan money on their own stock.

Reports on condition must be made under oath to the Comptroller, not less than five times a year at his demand, and must be published in local newspapers. These calls are always demanded as of condition at a date several days past time of call, the reason for which is obvious.

National Banks are subject to examination by regular agents of the Comptroller's office and are compensated by the bank which is under examination. These National Bank Examiners report to the Comptroller of the Currency, who assesses the bank for the work according to its capital stock, and the Examiner in turn receives his pay through the Comptroller's office.

The capital stock permitted is graded according to the size of the town or city in which the bank is to be located, the minimum being \$25,000 for towns, the population of which does not exceed 3,000.

Reserves are required to be kept in cash or a portion on deposit in reserve and central reserve cities. Reserve city banks may keep twenty-five per cent. of the reserve as deposits in banks of the central reserve cities, and others not reserve cities may keep fifteen per cent. of same as deposits in reserve city banks.

If you have followed closely what I have attempted to present to you, you will have observed that the present State Law in Ohio is in line with the National Banking Act, in regard to reserves, restrictions as to loans, reports of condition, examinations, etc., all of which tends toward a safe and sound banking system.

Many cities have adopted the system of clearing house examinations and through this means many abuses of banking privileges have been eliminated. Anyone can readily see how this can be accomplished and what an advantage this is to shareholders and depositors alike.

You are all aware of the discussion that is now going on in regard to improving our National Currency, you can scarcely pick up the paper without seeing an article in regard to a better Currency and Banking System, and it is a safe prediction that the next few years will see a great change for the better in our financial affairs.

#### EFFICIENCY IN BANKING.

By E. K. Satterlee of the New York State Banking Department—Address Before Albany Chapter of the American Institute of Banking.

IT has been a particular pleasure to accept your courteous invitation to be present to-night and to address you because of the fact that my official stay in the Northern District, although of but a few months' duration, was full of pleasant experiences and there were laid during that period the foundations of what I sincerely hope to be lasting friendships. I learned among other profitable things that there were here being carried on vast and multifarious activities by men of tried experience and marked ability. The younger generation, of which you and I are members, have been quick to perceive the opportunities afforded by the expansion of economic effort, and equally quick to attain front rank prominence in developing and raising to a high place of efficiency the machinery for carrying on the business of building a country. It is idle to say that this is an era of intense competition; men vying with each other as they never have before for supremacy, bringing to their aid not the destructive battering rams of mediæval warfare but corporate strength guided by intelligence and ingenuity. We are now at a status where the eyes of the nations

are upon us and it behooves the American youth to train himself for a serious duty to his country just as the Stoic youth of old was trained and hardened for warfare by his mother and then sent forth by her with the admonition to "return with your shield or upon it." Just as there is a compelling force in religion; just as there is an inspiration requisite for art or music, just so much the man prepares his mind for the serious work of moulding the character of the nation. It is incumbent upon the man in the banking field to consecrate the best that there is in him to the evolution and elevation of a system of finance which will furnish an imperishable foundation upon which our national activities may rest without danger of disaster. Look over any gathering of men; take a large bank force for example, and try if you will to calculate the latent force that lurks somewhere among them. It is quite conceivable that the most obscure among them will have in his mind the embryo of an idea which in time would assume tangible and concrete form; his opportunity to exploit it may be a long time coming, but the man and his idea are bound to find their proper level provided there is plenty of push, perseverance and pluck to keep him going. I am inclined to pick Push as a winner because Pull very often gets lost on the home stretch.

This opportunity must not be allowed to pass without an allusion to this organization as a potent agent in developing the man. There are to-day over thirteen thousand serious minded bank men in the various states who are devoting some of their time to the study of banking subjects. Years have elapsed since the Institute came into existence and what was then an experiment is now an assured success. Years enough have elapsed for some of the earlier graduates to have attained prominence, to their everlasting credit and can be pointed to with pride as products of this or that Chapter. New York Chapter is sometimes charged with having been born with a "gold spoon in its mouth," but some of you here may be familiar with its early struggle for existence and the difficulty of bringing its membership and efficiency to their present standard. I have rather clearly in mind some of the simple truths which guided the New York men at first. Prominent among them was that CHARACTER is a first essential in all things. Banking is now a profession and in all professions CHARACTER is the cornerstone of the structure. Unless the mind is honest and clear, what success can be attained? The day of the schemer and high-finance is well-nigh over and there is no longer any room for the man who for his own personal aggrandizement will undermine the delicate fabric of credit. You are all familiar with the details of how two of our greatest bankers recently called before a congressional committee, gave testimony with a frankness and honesty which immediately called forth widespread and favorable criticism. It is for each of us in our younger days, when character is forming, to fix in our minds a composite ideal embodying those things which are good in the great men of to-day and strive to live up to that ideal so that when OUR day comes it can be said of us that the nation is safe in such hands. I think that you will agree with me that the most poorly compensated laborer is the bank man, but let us consider that in England, for example, it is considered an honorable profession, to be entered into only by those who are in a position to work for a minimum wage. Here it is different and in our formative period there is a constant cry for the man who not only has brains but is able and willing to use them, and for these the rewards come in due time. I have yet to meet the bank officer who will not admit that in his bank there is always room for brains; labor, in the abstract, is plentiful, but the highly specialized man is too rare a bird to be permitted freedom for long. Cost accounting, auditing, efficiency engineering and investment, expert knowledge, all offer fields for the bank clerk who makes up his mind that in order to get ahead he must do something which his associates are not doing as well.

From a broad viewpoint the world of banking in the last decade, and particularly since the panic

of 1907, has become a more orderly and logical world; the period of stress referred to seemed to occasion an awakening to the danger of the recurrence of avoidable financial upheaval. Since then some little new financial legislation has been enacted, both state and national, but to our mortification the national government has been slower to enact efficient banking laws than the Empire State. The incumbency of a clever and talented Comptroller of the Currency during the past four years has shown what one gifted man can do with imperfect machinery. During the term of office of a previous superintendent of banks, over twenty new state banking laws appeared and the administration of state bank supervision took concrete and efficient form. Under the present administration of the department still more is being accomplished and the banking profession in New York State never before had a firmer friend or a more able supervising authority.

Here in Albany you have a money center; a reserve city for the national banks and what amounts to practically the same thing for state institutions. From this city there are direct lines of financial communication with every town, village and hamlet in this great state. The little country banks look to you for their cash supply at times and are ever knocking at your door for something. On the other hand you look to them to collect items for you and the aggregate of business created by them comes to you and makes you strong. This exchange of business leaves its increment in the profit account of each bank. The ambitious man in any bank in this reserve city of Albany, no matter how humble that man's position may seem to him, has supreme advantage over the man in the country bank if he will recognize his opportunity and by study and hard work fit his mind to undertake the BIG work of his profession.

Up to within a few years ago one of the easiest things to do was to organize a bank. The law provided that certain steps be taken as a prerequisite but was singularly silent as to the conditions under which a bank could not be organized. What was the result? There came into existence banks which were not only economically unnecessary, but in some instances an actual menace to the financial community. It is fair to assume, however, that, in so far as national banks were concerned, the idea in 1863 was to foster and encourage the establishment of banks in order to stimulate trade and commerce. As business conditions expanded the easily obtained charter became a political football and it meant and still means in some small towns war to the knife between banks whose existence was not justified by economic conditions. The governments of the United States and the State of New York to-day act upon applications with extreme care, consulting each other and acting in absolute accord. A thorough investigation is made of economic conditions by an examiner detailed for the purpose, and upon his findings and recommendation a decision is made as to whether or not a charter will be granted. Political intrigue in these matters is rarely resorted to now and is met with hostility by the trained and technical minds of our supervising authorities.

These are days of consolidation and merger among banks: there is likewise a decided tendency in favor of branch banking, not along the lines of the system obtaining in the Dominion of Canada, but the mere dividing into separate working units of a single bank whereby the main branch or perhaps the original is constitutionally the head office. The merits of such procedure is a subject prolific of much argument on both sides. The absorption of a weak bank by a stronger one is unquestionably wise in most cases; it has frequently happened that in this way a weak bank is mercifully put out of its misery and a local money disturbance thereby avoided, to say nothing of the disgrace of a failure. Just how this principle of merger may be regarded in the case of colossal banks in New York City, introducing questions of money control, is another matter also susceptible of much argument.

Trust company charters of recent years have been given out very sparingly, and why? In metropolitan districts there is a natural field for the

securing of trusts—I mean to say any of the functions which by its corporate nature the trust company is equipped and authorized to administer, whereas in the smaller communities a trust company becomes at once merely a bank of deposit and discount. This turn of our argument brings us down to the point really at issue—the discount bank. Picture to yourselves the impossibility of carrying on a business of any kind, even in a limited way, upon modern conditions without the help of our discount bank. How would we pay for goods purchased in New York City or Boston? How remit for importations from England, France or Germany? How dispose of customers' notes taken in payment for goods sold? How arrange the temporary loans most merchants require from time to time? It having been shown that the discount bank is the pivotal point of industrial activity we are face to face with our own position. Just as the conditions of trade expand and demand is created for more scientific methods of banking, just in exact ratio must the banker respond to such demand. I am firmly convinced that legislation and scientific development are futile without a liberal injection of the personal equation. Personality is the spark plug of all human endeavor and if you as the executive officer of a bank, charged with the promotion of its best interests, cannot handle the customer of your bank with all of the skill and diplomacy which goes with really good salesmanship, your doom in the profession is sealed and the bank across the street will profit by your deficiency.

There is a world of discussion which may be had upon bank methods and procedure; interpretations of the law in various matters of conduct, but I feel that I should not attempt in the limited time at my disposal to develop them. My brief visit with you only permits me to generalize. Only from the viewpoint of the examiner are the differences between banks strongly apparent; exceedingly diverse are the standards of conduct set up by different boards of directors. One bank will never buy paper; another will not touch bonds, but there is this to be said of all of them in these days—the directors, or most of them, know more about their banks than they formerly did and are keenly alive to the responsibility of their position.

There are doubtless among you here to-night some who will in time assume the responsibilities of an executive office, and for these I have a particular message. Remember that the bank is, in a way, a public utility and should be conducted as such. If you find it necessary to say "no" do it in a way that will make your client feel that you are right and that he is wrong. In the general conduct of the office there are things which are little of themselves but which are important if you would have your bank appear dignified. Shirt sleeves, cigarettes and idle small-talk can be profitably put under the ban in a bank where they might be quite proper in many other places. The good banker is serious minded and his thoughts are of a necessity constantly on the work in hand. Batting averages and finance do not mix well during business hours. The house in order is the first essential to a healthy life; if you are responsible for the condition of the premises see to it that the general condition of the banking rooms is neat and orderly. Encourage and exact a high degree of discipline among those subordinate to you, and never forget that no matter how high a position you may attain you are administering a public trust and are yourself amenable to discipline. The relation of your bank with other banks should always be a matter of concern with you. Only the examiner, who is here to-day and somewhere else tomorrow, knows of the only too frequent complaints that items are not handled with entire promptness; in fact, this is a matter which has this year received official attention, and the national bank examiners are now under instructions to make inquiry at each bank as to any lack of prompt response to items sent out.

It may be profitable for us to spend a little time considering some of the conditions under which we work. The National Bank Act, so called, was never intended as a permanent governing factor and has

been utterly outgrown; such sections as are in force to-day are collated under the United States Revised Statutes and an examination of them reveals a patchwork of amendments and subsequent legislation. The principle of bond-secured currency was perhaps eminently suited to conditions as they existed in the days of Salmon P. Chase, but to-day the non-elasticity of the system is in itself a panic breeder. The trouble is that men having expert technical knowledge as a rule do not get into politics, and as they do not get into politics they do not become lawmakers, and as they do not become lawmakers our 7,400 national banks of gigantic aggregate strength must do the best they can under the beneficent guidance of the war measure of 1863. There is no provision in the Act permitting savings departments, but in districts where there are no savings banks organized under state law, there is nevertheless an urgent demand for a savings agency. Permission is now granted to national banks to establish such departments provided that there is no segregation of assets and that all of such deposits be payable absolutely on demand. Some such interest departments, as the Treasury Department desires them called, have attained large proportions and even in the metropolitan districts they are found growing and thriving in spite of the presence of a regular savings bank near by. A national bank maintaining such a department usually holds among its assets a large proportion of short term notes or equally liquid securities, realizing that this class of depositor is most troublesome in the face of a panic, and numerically they are so many that it is desirable to pay them off as quickly as possible just as soon as they start something.

In the matter of real estate there is what appears to be a clear and strict injunction that the bank must divest itself of realty holdings within five years of the date of acquisition. The Comptroller has been very cautious and has used justifiable discretion in enforcing this law as losses, sometimes severe, would result were he to require absolute and literal observance. The state law governing real estate is identical except that it does not impose the five-year restriction. Under state law respecting trust companies there is now a provision limiting the amount of collateral consisting of the securities of a private corporation to ten per cent. of the capital, surplus and undivided profits of the corporation holding such stock. This is unquestionably a wise provision and if it were extended to include other classes of banking institutions, would tend to prevent the concentration of too much money in enterprises whose prosperity depends upon the continued success of one or several individuals rather than upon the collective strength of a large public utility or other enterprise.

With three exceptions the United States Revised Statutes are only negatively restrictive in the matter of collaterals: the three exceptions are Real Estate, Circulating Notes and Capital Stock Shares of the loaning bank. We have already alluded to real estate so acquired. The second and third prohibitions are rarely transgressed and generally, in the case of the bank shares, such collateral is taken as a last resort in protecting an old debt. Both federal and state law governing this contingency are identical, that the shares so taken shall be disposed of within six months under penalty, of the United States, that a receiver may be appointed and under the state law that the violator shall forfeit twice the nominal value of the shares.

The only feature of national bank investment which is fixed by law, is that each association having complied with the provisions of the title as to organization shall before the commencement of the banking business, and before it shall be authorized to commence banking business, deliver to the Treasurer of the United States any United States registered bonds bearing interest, to an amount not less than one-third of its capital stock paid in. Banks having a capital of \$150,000 or less are not required to keep on deposit bonds in excess of one-fourth of its capital stock. As you are undoubtedly aware, these bonds are intended to secure circulation whether circulation is taken out or not, and the government



can confiscate the income accruing upon them should the bank fail to pay any penalties imposed. The so-called circulation privilege has given United States 2s an artificial value. Beyond this point the national banks are comparatively free to do as they choose in the matter of investments, although any very flagrant deviation from prudent lines which would thereby imperil the deposit liability would be considered by the comptroller to warrant closer watchfulness, which means more frequent examinations. By implication the national bank is prohibited from buying stocks: custom and good investment judgment have tended to establish a general standard for investments; a large volume of short term notes and municipals are in this way absorbed and many banks have entirely forsaken bonds and other large corporate obligations for commercial paper, and it must be said that in the banks so doing during the past few years the proportion of loss has been much less than where a large bond list has been carried and the shrinkage charged off. Losses of this nature have as a rule been distributed over a number of adjustment periods; amounts being charged off from time to time in proportion to the earnings and consequently are not apparent to the public to whose eyes the earnings for the period simply seem small and yet a penalty has been paid either for a misfortune or error of judgment.

There is absolutely nothing in the federal law which requires the directors of the bank to make a personal examination of its affairs although they are held strictly accountable for the proper conduct of its business. It is therefore certainly a creditable accomplishment to have led the legion of bank officials throughout the country into a frame of mind whereby regular examinations are made once or twice a year, and not only this but in most cases a copy of the report so made is sent to the Comptroller of the Currency. The ice having been broken, the average director of to-day not only knows more about the working of the bank, but evinces a keen interest in it. In a large measure the directors' examination is a deterrent to the evil doer. In contrast we find that there is a general provision in the state law which requires a committee of at least three members of the board of directors of every bank and trust company to make examinations, or employ others to make them, in the months of April and October of each year. Such report must be prepared in duplicate, sworn to by the directors by or by whose direction it was prepared, and a copy filed with the Superintendent of Banks within ten days. Failing to make and file such report the institution is subjected to a fine of one hundred dollars a day for each day of delinquency.

A great deal of discussion is heard of the so-called "pyramid reserve," and the fact that a large proportion of the country banks' money goes to New York there to be used in speculation. The national bank act is largely responsible for this condition, but I do not think entirely so as the banks themselves have been and are willing followers. The country bank under the law has the privilege of keeping three-fifths of its cash reserve on deposit with an approved agent in a reserve city. Is it not so that most of such balances are from choice largely in excess of the permitted three-fifths? The reserve city bank is permitted to keep one-half of its cash reserve on deposit with an approved agent in a central reserve city. Is it not so that these balances are largely in excess of the permitted one-half? The law laid the foundation of the pyramid, and the money of the country bank has flowed through the reserve city and on to New York just as surely as a brook runs down the mountainside. Five years ago there was a mad struggle to recover reserves in currency to enable each bank to care for its own legitimate demands and weather the financial storm that was brewing. New York City, always obliged to keep her reserve in hard cash, was the storm center and currency was at a premium. Every train to New York carried a bank president hurrying down to see his correspondent and get what he could. Here and there was to be found a country bank which did not feel the strain as it had formed the habit of keeping a substantial

home reserve, or perhaps was fortunate enough to be situated in a community where the currency demands upon them were not so great. This is not a normal or healthy condition and some day there must be evolved a remedy.

The national bank is deemed to be a citizen of the state in which it is located and consequently, in some things, is subject to state law. In the state of New York a maximum interest rate of six per cent. on loans is provided and Section 5197 of the Revised Statutes of the United States provides that the state law as to interest must govern. There has been practically no attempt of late years to evade this provision. It occasionally happens, that call money rates rise to an exceedingly high figure and loans are made under the provisions of Section 75, Article 3, of the state law which permits advances of over \$5,000 on collateral security and at any rate which may be agreed upon in writing by the parties to the transaction. Banks of all classes are enjoined from making any loan to any one individual or interest in excess of the prescribed limits and I am compelled as an examiner to say that the banks in this regard have been slower to adjust themselves to this condition than to any other. Examiners, both state and national, are constantly confronted with instances of transgression, generally by evasion in accepting as an endorsement what is in reality a direct obligation. There is something to be said on both sides, however, as in small communities the loaning field is restricted and choice paper is not plentiful; the directors in these cases take a chance rather than to go outside for paper about which they know less.

Demand loans in the bank should not be permitted to be in too large proportion and as far as possible should be well collateralized. The demand note is of the investment nature and should it bear an endorsement or endorsements, should also bear a waiver of protest if it is not secured by collateral. Unless protest is waived there is always an indeterminate time when the endorsers are released and the loan is thereby weakened. There has always been considerable discussion as to just when a demand note is due. In the face of this doubt the procurement of a waiver of protest is conclusive and binding upon the parties; if the waiver is embodied in the note it binds all of the parties thereto, but where it is written above the signature of an endorser it binds him only. A waiver of protest, in either way executed, whether in the case of a foreign bill of exchange or other negotiable instrument, is deemed to be a waiver not only of a formal protest, but also of presentment and notice of dishonor. There is nothing in the negotiable instruments law which determines the due date of a demand note, but this one point is quite certain that if at any time upon presentation and demand it is not paid, it can and should be protested unless protest has been waived; its due date is then conclusively fixed.

In 1903 there was enacted a law which made possible the formation of currency associations by the joining together of certain banks under prescribed conditions for the purpose of procuring additional circulation upon the deposit of state or municipal bonds and commercial paper. This law was hastily constructed after the panic of 1907 for the purpose of giving a little elasticity to bond-secured currency, lack of such having caused a dangerous condition to be created the year before. The law referred to will expire by limitation next June without having been put to a practical test and after that we will be just where we were before. It is doubtful if an act of this kind will ever accomplish the real purpose for which it is designed. The great banking systems of Europe have been studied and books have been written, but still the American people are without what they sorely need. As we have gone to Europe to see how money is handled Europe has come to us to see how money is made. As this nation is pre-eminent in matters of manufacture and industry, what is there which withholds the ability to provide a smooth running machinery for our finances?



# INSTITUTE CHAPTERGRAMS

Chaptergrams must be received by the Educational Director of the Institute not later than the 28th of the month preceding publication.

## ALBANY.

By Samuel Applebaum.

**W**ITH more than eighty present, Albany Chapter celebrated its first annual banquet at Keeler's Hotel, Thursday evening, March 27th. Mr. O'Byrne, Chairman of the Dinner Committee, and his associates deserve great credit for the manner in which they arranged this happy and successful celebration. Mr. Wilkinson, our president, as toastmaster, spoke of the many things awaiting the bank employees who are anxious to learn the lessons of the Institute. He paid a tribute to the earnest work of the members of the chapter and especially to the bank officials of Albany, who by their cordial support and co-operation have made the chapter such a success. He gave a brief outline of the work accomplished during the year and said he hoped to see many waiting to take the examination in May.

The speakers for the evening were: Fred W. Ellsworth, of the Guaranty Trust Company, New York; Frederick W. Cameron and Daniel H. Prior, two of Albany's able attorneys, and the Rev. James S. Kittell, D.D.

Mr. Ellsworth outlined the difference between the optimist and the pessimist and the good the former, and the evil the latter, is doing for the average man of to-day.

Mr. Cameron said he was glad to have the opportunity to address the bankers of Albany Chapter, as he always looked upon the bank men as the promoters of the world.

Mr. Prior commended the members for the efforts they are making to educate themselves in banking and was pleased that the primary object of the chapter was self-education. He emphasized the fact that banking law was very essential in the banking field.

Dr. Kittell spoke of the many good qualities of the banker and said that he commands the respect of men in all walks of life. He concluded his address with some humorous stories, which were much enjoyed by all.

The dinner came to a close with the singing of Auld Lang Syne.

On Thursday evening, April 17th, the chapter held its open meeting in the National Commercial Bank and the following new members were enrolled: Messrs. W. Kling Mesick, Howard W. Schofield, Edwin R. Stuppelbeen, Fred G. Sohni, Lester W. Herzog, Lawrence J. Ehrhardt, Oswald William Meyer, John H. Craft, Robert Olcott, William C. Feathers, J. D. Welch, Frank E. Sheary, Arthur N. Link, Howard W. Sickler, Joseph P. Delaney, Cornelius P. Mackey, Harold M. Lewis.

The speakers for the evening were two of our chapter members, John O'Byrne of the First National Bank, who gave us a very interesting talk on "Foreign Exchange," and George A. Plant of the State Banking Department, who talked on "State Banks and Their Origin."

Under the direction of Professor James B. Kennedy, of Union University, the chapter has finished Part One in Banking, the subjects having been: Wealth and Money, Banks and Banking, Bank Accounting, Loans and Discounts, Stocks and Bonds, Clearing Houses, Savings Banks, Trust Companies. Our study class will run until May 29th, when the work outlined for this year will be concluded. In the Fall we will be ready to take up our law course.

## ATLANTA.

By John W. Yopp.

**T**HE past month was an interesting one in chapter affairs in Atlanta. The combined attendance at the meetings was between 300 and 325, and interesting addresses were made by Joseph A. McCord, vice-president of the Third National Bank; Robert S. Parker, a prominent attorney and George M. Brown, president of the Georgia Savings Bank & Trust Co. The former and latter have been identified with the American Bankers Association for a number of years and are therefore equipped to give good advice and helpful information to the members.

Chapter Growing.—President T. W. Townsend of the Fourth National Bank has been active in the interest of the chapter since his election some few months ago. A dozen or more new members have been added and a large percentage of the membership attend regularly. The chapter magazine edited by Julian Clayton is giving the members interesting matter each month, and is also helpful to the chapter.

Fred W. Ellsworth Coming.—Atlanta Chapter is highly pleased over the acceptance of Fred W. Ellsworth of New York to address the members on the evening of Thursday, May 15th. Mr. Ellsworth's subject will be "The Ideal Institute Man." He will stop over on his way to Macon, where he is on the program for an address before the Georgia Bankers' Convention in that city.

## BALTIMORE.

By Frederick O. Scherf.

**A**T our meeting of April 8th, Channing Rudd, of Alexander Brown & Sons, delivered a lecture on "Bonds." This was undoubtedly the best lecture on the subject ever delivered before Baltimore Chapter. Mr. Rudd believes that the bond-selling business is the cream of all business in the universe, and in a heart-to-heart talk after his lecture he enthused a number of our members to such an extent that some of them desire to enter the business. In speaking of investments Mr. Rudd said there were six fundamental factors by which the desirability of an investment can be determined. These factors in the order of their importance from the standpoint of an ideal investment are: (1) safety of principal, (2) safety of interest, (3) fair income return, (4) marketability, (5) negotiability, (6) possible market appreciation. The ideal investment would combine the maximum degree of each of these six elements. There are many investments which contain the maximum of one, and sometimes more, of these factors, but there is no investment that combines within itself the maximum degree of all of the six factors. In proportion as the maximum degree of one or more of the factors is secured in an investment, a sacrifice of a part or all of one or more of the other factors must be made. The practical problem is for each investor to select for his investments those securities which combine to the largest degree the factors which are best calculated to meet his individual requirements. If he does not need marketability, for instance, it is unwise for him to pay for that quality.

The annual election for seven members of our board of governors was held Thursday, April 17th, and the following members were elected to serve for

three years: Gwyn Crowther, Merchants' Mechanics' National Bank; Adrian J. Grape, Commonwealth Bank; Edwin C. Monmonier, First National Bank; H. Clarke Jones, Equitable Mortgage & Trust Co.; J. Newman Richardson, United States Fidelity & Guar. Co.; Benjamin H. Heath, National Bank of Baltimore; J. W. McElroy, Jr., Eutaw Savings Bank.

In the near future the annual election of officers will be held. It is to be hoped that all will set aside personal feelings and desires and the best men available will be elected. There is good material in the present board and under wise management Baltimore Chapter should have a very prosperous and influential year.

#### BIRMINGHAM.

By M. H. Sterne.

ON account of a postponement and the absence of two speakers, our April general meeting was not as well attended as might have been hoped for.

The annual election of officers will be held at the May meeting, and at that time five delegates to the Richmond Convention will also be selected. A lively time is expected, as we have a number of good men whose friends intend to nominate them for the various offices.

The feature of the April meeting was an address by Hon. Phares Coleman on the "Civic Relations of a Bank." Mr. Coleman's address was delivered in a very interesting manner, and we hope to hear him again.

#### BOSTON.

By Horace S. Ford.

EDUCATIONALLY speaking, the "close season" has arrived, and it is with pardonable pride that the year's work is reviewed.

The whole educational program has undoubtedly been conducted on a higher plane and under more efficient organization than that of any year of the chapter's life, even exceeding the high attainments of the preceding administration. This is, of course, as it should be, taking into consideration the added experience.

But it is also pleasant to record that the monthly meetings or "Chapter Nights" have likewise caught the progressive spirit (not a political reference) and, aided by the good-fellowship that informal dinners beget, have proved delightful evenings. That 200 or more men, on an average, have been attracted by these meetings is sufficient comment on their popularity, while a uniformly excellent list of speakers, whose topics were both timely and interesting, justify us in classifying these "Nights" as educational, though in a less serious vein.

The credit that accrues to a successful year such as this, naturally, and in this case indisputably, goes to our President, Mr. Bean, who has thrown himself into the work with his accustomed energy and thoroughness. Elected last year a member of the Institute Council, his work in Boston Chapter this past year reflects his interest in the aims of the Institute, and justifies (if any justification were needed) the honor accorded him and our chapter by his election. It is, however, but fair to his colleagues, the Board of Governors, and the various Committees, not to mention many individual members of the chapter, to say that the results obtained were largely due to the good will and hearty support given Mr. Bean by these willing and able associates.

Especially gratifying to those interested in the chapter's welfare has been the enthusiasm displayed and the constant attendance of members who live outside the Metropolitan District, notably Fitchburg and Lowell, fifty and twenty-six miles distant respectively. Boston Chapter wishes to commend the spirit and support of such men as E. A. Onthank, President of the Safety Fund National Bank of Fitchburg, H. G. Townsend, President Fitchburg National Bank and J. F. Sawyer, Cashier of the Union National Bank of Lowell, and others whose men have formed a distinct and welcome addition to our ranks this year. They are true friends of the Institute.

To adequately value the services of Professor Williston in behalf of our chapter during three administrations is an almost hopeless proposition. A large share of whatever measure of success we may have attained is due to his efforts. This year's educational structure has been woven about his courses, with himself the bulwark, and the finished product is now being distributed in the shape of a prized volume containing the year's work in Commercial Law and the Negotiable Instruments Law, paragraphed, indexed and complete in every respect. Over four hundred and fifty of these books are in the hands of members and a sale of five hundred more is anticipated.

The course in Practical Banking, a new departure in the work here, has also been carried through successfully. The attendance at these lectures, which were given by men actively engaged in the several departments covered, has demonstrated their desirability and usefulness. Examinations were held at the Clearing House on April 10th, prizes of \$25 and \$15 being offered by four friends of the chapter. Those passing in this test will receive chapter but not Institute credits.

On April 24th the examinations in the Law Courses were held at the Clearing House. Of the 48 who took this examination, 19, if successful, will emerge full-fledged graduates of the Institute and holders of the prized diplomas. These diplomas, we trust, will be looked upon only as a step climbed, an evidence of sustained interest, a beginning only, and not an end, for from these graduates we hope to form the nucleus of a post-graduate class that will attempt something much more ambitious than has hitherto been possible with us. Last September a canvass was made of the twenty-seven holders of the Institute diplomas, and after some discussion, it was agreed that the time was not ripe to start such a class. But, surely, from a possible field of forty-six a quota of men sufficiently interested and energetic to carry the scheme through should be found.

It is proposed to follow some such outline as suggested in the August, 1912, BULLETIN by Prof. Chas. A. Green, and aided perhaps by a competent instructor, gain as thorough an insight into banking in all its phases, foreign and domestic, past and present, as is possible by class work. This, of course, will demand much more from the individual members of the class than the mere attendance of lectures, but to those who earnestly desire to educate themselves along the line of their chosen profession, it should prove of great interest and assistance. Naturally, this is not intended to be the accomplishment of a year or of any given time. Knowledge like food requires time for digestion. It would determine its own rate of progress once started. It should also be so adapted that future graduates may be admitted to the class from time to time on a satisfactory basis. Also there should be no thought of making it a "select circle" with a view toward dominating the chapter politically or otherwise. Being an elective, and to graduates only, the latter of course will derive the greatest benefits—but on the other hand it will provide a much-needed stimulus to such future graduates as may consider their task accomplished and all that the Institute offers partaken of, once the diploma is gained.

And now, Good Friends in Other Chapters, we are using these columns to air our hopes in order that you—especially those of you who already have such classes started, or who anticipate something similar—may give us the benefit of your experience or ideas, in order that we may profit by possible mistakes that have been made as well as gain a knowledge of such methods as have been successfully demonstrated. Correspondence on this subject will be welcomed.

Some of us who had the pleasure of attending last year's convention at Salt Lake City, came away with a feeling that if the various chapters of the Institute could, as chapters, get together one-half as successfully as their representatives got together on all occasions and subjects during those delightful days, a much higher standard of Institute accomplishment throughout the country could be attained. So, we say, let us strive next year and hereafter to strengthen the bonds between chapters both by



greater publicity and by correspondence, not sitting back complacently and expecting Richmond and San Francisco and other conventions to accomplish in three-day periods of what we fail to do during the rest of the year—although, frankly, we hope to meet you all at Richmond, next September, where we are coming twenty-seven or more strong.

#### CLEVELAND.

By P. J. Slach.

**C**LEVELAND CHAPTER is enjoying a most strenuous career, because our privates are so active and energetic that the generals must move to keep at the head of the procession. Everybody seems to be actuated with a spirit of work and ambition to make this year one of the best, and also to lay a good foundation for the next year to come.

At our meeting on April 8th, we were favored with a good, instructive, and profitable address by Chas. N. Osborne of Borton & Borton, prominent brokers in our city. He spoke upon the topic, "Stocks as a form of investment," interspersing his remarks with many incidents in real life, which indicated either a success or tragedy among many investors in stocks. Dr. C. P. Luce gave an illustrated lecture on the West. His remarks were interesting, and also indicated the energy and money that is being spent by our Western Brothers in advertising not only the picturesque sights of their grand country, but also the Exposition to be held at San Francisco in 1915. Chas. Shields of the Citizens' Savings & Trust Company furnished the instrumental part of the program. His violin solos were very much enjoyed.

April 22d occurring in Show Week, no meeting was scheduled because all the activities of the entire chapter were centered in this grand attraction. The writer had the pleasure of attending the performance the evening before, and he was provided with a magnificent surprise. It has never been really known how much talent and latent genius is contained within our membership. The songsters and dancers vied for the favor of the critical audience, and applause was most generously accorded; it could not have been otherwise. The members of our Cleveland troupe deserve great credit, as their performance indicated a most careful and painstaking preparation for many months, and the chapter is under great obligations to them. W. H. Kinsey, Chairman of the Show Committee, and his able corps of assistants, and L. H. Stover, the Stage Manager, and his subordinates, were everywhere. Some of our actors and actresses have jokingly remarked that the Club Rooms have been their home for many months previous, and this has been especially severe upon those who were married and were forced to deny themselves the pleasure of their beautiful and faithful spouses at their own fireside.

Recent news items occurring in our midst: Under the able guidance of H. Melvin Roberts, our instructor, and John W. Baque, the President of the Educational Class, preparations are being made for the annual examination, for which a large class of students have been preparing the entire winter. H. H. McKee, the President of the "Forum Class," had a late start, but is actively engaged in overcoming this handicap, and plans to enter his entire class among the graduates.

The Annual Banquet, as announced by the Chairman of the Banquet Committee, Chas. L. Corcoran, will occur on the evening of May 19th at our Hotel Statler. The committee announced a radical innovation—it will be the first time in our history when recognition is given to the gentle sex who have been so helpful to us during the last year. Wives and sweethearts will be invited.

W. F. Finley, Assistant Treasurer of the Garfield Savings Bank Co., we are pleased to announce, has been elected a Fellow of the Institute.

Clay Herrick is the Chairman of the Nominating Committee, and at the present time he and his advisers are preparing a list of the candidates to submit at our next meeting on May 12th. This does not preclude the submitting of your own nominees.

It is with sorrow we not only announce to the

members of our chapter, but also to the many outside friends of C. D. Hajek, that he has suffered a great loss in the death of his helpmate, Mrs. Hajek. The Board of Governors authorized the president to send a letter of sympathy and condolence expressive of our fellow feeling with him.

#### FORT SMITH.

By E. Peninger.

**T**HE biggest event of the year in our chapter was the visit on March 11th of B. W. Moser, President of the American Institute of Banking.

Mr. Moser arrived in the early morning, remained through the day and until 11 P. M. Quite a number of the chapter members met him at the station, a committee escorted him to the Hotel Goldman, and afterwards gave him the opportunity of meeting the banking officials and employees of the city banks. In the afternoon, accompanied by the President of our chapter, he was shown the attractions in and near our city. In the evening a smoker had been arranged in his honor in the Commercial League Rooms, with an interesting program. Mr. Moser spoke at length on the activities of the Institute. He shows a keen insight and clear understanding of the needs of the small chapter and the Institute at large. He urged the boys to be true to their own work and loyal to the Institute. George R. Wood, ex-President of the Arkansas Bankers' Association, gave an address on "Farm and Chattel Mortgages." J. F. Mayes, President of the Day and Night Bank, and W. W. Netherland, President of our Chapter, were the other speakers. An interesting feature of the program was the music given by the First National Bank brass band. About fifteen of the boys of this institution organized a band early last winter and have been doing some excellent work. The smoker was a decided success. It was the largest attendance of bankers and "future bankers" our chapter has ever had. Mr. Moser is a very successful "mixer," and all the boys are hoping he will make it convenient to come again. The interest in our regular meetings has increased at least thirty-three and a third per cent. since his visit, and his influence will be long felt in our chapter. We have been greatly honored by Mr. Moser's interest.

At our first regular meeting in April our delegates to the convention in Richmond will be chosen. The course in banking has been completed, and we are now reviewing the winter's work, looking to the examinations in June. Seven or eight hope to pass, and we feel confident that Fort Smith Chapter can boast of eight or nine holders of Institute certificates at the close of the season.

#### HARTFORD.

By E. R. Barlow.

**C**ONVENTION for 1914 at Hartford, and our annual banquet, are two things worth reading about. Don't you think so? Just read this article and see if we are not a live chapter. Here is a little pre-convention news for a starter.

The work for the 1914 Convention is progressing steadily. Thus far, word has come from at least two thirds of the chapters, and from many of our friends who are not officially connected, but whose influence will count. A great deal of interest is being taken by the people of our city, and if we are successful in our efforts, there is no question regarding the welcome our guests will receive. We are not ready to show our hand, but watch our chaptergrams from now on. Listen! Do you hear anything? It's our delegation marking time while they are waiting for September to come. The committee is working hard, getting things into shape, and there will be more doing soon. We want the names of every delegate appointed for the Richmond Convention. Will you send YOUR list as soon as it is ready? Mail to Arthur H. Cooley, chairman, care of Security Trust Co., Hartford, Conn.

Now we are ready for the big event of the year. Nearly 200 men from the banking and bond houses

of this city and the surrounding towns gathered at the Allyn House, April 22d, for our eleventh annual banquet, which was very successfully engineered by President Goeben and S. G. Pierce. The excellent speakers, the music, the elaborate menu and very tastefully designed menu cards testify how carefully these gentlemen worked to make the event a success. President Goeben, as toastmaster, did himself proud in the way he introduced, as speakers, Rev. Charles F. Carter, who talked about "The Modern Spirit in Finance"; Dr. Charles B. Meding, on "A Plea for Brotherhood," and William E. Knox, who spoke about "The Day's Work." The addresses were very thoroughly enjoyed for their wit and for the strong appeal they carried for the higher and better standard of life.

The two events which had been awaited with much interest and which were included in this part of the program were announced by Toastmaster Goeben as follows: the awarding of the Meigs H. Whaples prize of \$20, for the best paper on "Reforming and Improving the Present System of Collection, by Banking Institutions, of Checks, Drafts, Bills of Exchange, etc.," and the Bowling League trophies. The essay prize was awarded to Arthur H. Cooley, of the Security Trust Co., whose paper was selected from the six submitted, the other writers being Messrs. A. D. Johnson, Wm. J. Montgomery, W. B. Dimon, W. F. Lawson and E. R. Barlow. If it is agreeable to Mr. Cooley, this paper will probably be read at our annual meeting, May 27th.

The Bowling League cup, which has to be won twice by the same team for final possession, was awarded to the Aetna National Bank team, composed of E. M. Crampton (Capt.), E. U. Richmond and C. T. LePard, which won 16 out of the 18 games played. A surprise was sprung on the Fidelity Trust team in the way of a cup which is theirs to keep. This team, the members being R. J. Utley (Capt.), W. J. Montgomery, E. R. Barlow and I. R. Peterson, was the leader of the second division with 15 games won and 3 lost, and lost the chance for the League cup, this year, in the roll-off with the Aetna team.

This banquet will go down in chapter history as the biggest and best that has ever been held, and has set a standard which will be hard to beat. The committee of arrangements was S. G. Pierce, chairman, W. C. Goeben, Herbert Spencer, A. H. Newton, E. R. Barlow and R. A. Wilcox.

As the season is most over for hard study and most of us are beginning to get that vacation feeling, we have planned a tennis and golf tournament, a baseball team and a clam-bake to keep the interest up. Notices telling our plans have been or will be sent out to each member, and there is no doubt but what we can keep the members interested in some one of these events, at least.

Do you remember those three words "Watch us grow"? Since our last Chaptergram, we have added a dozen new names to our rolls. When we started out on our membership campaign, we were trying to get 28 new members and got 63, and now, almost unsolicited, we have enrolled 12 more. This is just to prove my statement that we are a live chapter. We must be, or why would new men come in this late in the season? See what we have to offer in recreation and education; good rooms well fitted up, a bowling league, tennis and golf tournaments, a baseball team, adding-machine contests, a fine set of men to meet and exchange ideas with, the BULLETIN, a library on banking subjects, lectures by competent men, a chance to talk before an audience giving you confidence in yourself and study courses in banking and law. What more can anyone ask for his money?

The Law Course, which is being conducted by John W. Joy, is mentioned last in order to bring me into a new paragraph, not because it is the least important. Far be it from such! You who don't attend these meetings! Do you know that you are letting a golden opportunity, to educate yourself in matters that you will need to know later on in life, slip from your grasp? If you don't look at it that way, let me tell you you are being offered the best courses that can be obtained anywhere almost for nothing. Something for nothing! Does that appeal?

The annual meeting and election of officers is to be held May 27th. As that is the last meeting of the season, it will be devoted to entertainment almost entirely. Be thinking who you would like for officers for the coming year (there will probably be several tickets in the field) and come around and express your opinion. Woman Suffrage is all the rage now, so show your stenographers that YOU make use of YOUR right to vote. Do you want to be the Consul in your bank? The election for Consuls is to be held within one week from the annual election of officers, so cigars and favors are in order from now on, and don't forget to "Boom Hartford for the 1914 Convention."

#### JACKSONVILLE.

By J. E. Stephenson.

**A**LTHOUGH Jacksonville Chapter has not been heard from during the past two months, it must not be supposed that it has gone out of business. Unfortunately the Chaptergrams for both March and April were received in New York too late for publication, and this accounts for our long silence.

During the months of February and March we completed the Institute course of study, the subjects taken during that time being Stocks & Bonds, Clearing Houses, and Trust & Savings Institutions.

At the open meeting on Thursday, March 27th, it was proposed that a final revision of the pamphlets be commenced, so that those members of the chapter who desired to take the examination for the Institute Certificate might be thoroughly prepared. In accordance with this suggestion a quiz class was conducted by R. A. Yockey at each of the meetings in April, the subjects covered being Wealth & Money and Banks & Banking.

#### KNOXVILLE.

By W. E. Luttrell.

**K**NOXVILLE CHAPTER is proud of winning the first prize awarded this year by the Tennessee Bankers' Association for the best paper on the new banking law in this state and its effect upon banking and business conditions. The paper was read at the recent convention in Memphis by its author, D. C. Borden, our chapter president. The four Tennessee chapters—Memphis, Nashville, Chattanooga and Knoxville—were all contestants.

The new banking law provides the prime factor towards its success and usefulness by assuring the appointment of a superintendent of banks, who is in accord with the bankers of Tennessee. It is reasonable to believe that the Tennessee Bankers' Association, in convention, will make good use of the power given it and will nominate men who are not only competent, but who are also deeply interested in the financial and industrial development of the state. Then, when the governor makes a selection from the five names sent him, there can be but little doubt that the authority which is vested in the superintendent will be intelligently directed.

The authority of the superintendent includes the supervision and regulation of the solvent banks, and the liquidation of suspended banks. This is an advance step in progressive legislation.

Nearly every one knows that the expense of liquidating an insolvent bank is enormous and materially decreases the dividends paid creditors. Those sections of the new bill which provide for the liquidation of insolvent banks are planned to eliminate unnecessary expense and to reduce the necessary expense to a minimum and further to hasten the final settlement with all creditors.

When the superintendent finds a bank in an unsafe or insolvent condition, it is his duty to require a bond in an amount sufficient to protect all unsecured creditors. If the bank neglects or refuses to make such a bond, it is compelled within five days, to show why it should not be adjudged insolvent. In the meantime, the directors of the bank are informed concerning the existing conditions and are requested to correct them.

Should these conditions then not be adjusted, the court must appoint the superintendent as receiver. For this service, the superintendent is to receive no additional compensation. This provision is a notable one and will save in the future, thousands of dollars for the creditors of insolvent banks.

If the superintendent finds that the officers of a

bank have been guilty of fraudulent practices, or any other violations of the law, he must immediately take possession of the assets of the institution. This section and the one we have considered just previous, are of more than passing importance, for they place in the hands of the superintendent, a powerful weapon, with which to speedily enforce the laws.

No doubt, it frequently occurs, that a bank suffers losses which do not quite wipe out its capital, yet it is forced to go through expensive liquidation. This is hardly fair to the creditors, to say nothing of the shareholders. In the new bill, there is a provision, the object of which is to take care of just such occasions. The superintendent is given the power to sell all the assets of an insolvent institution to some sound bank. A bond is required of the purchasing bank to secure the creditors of the insolvent institution. Another feature which is exceedingly fair, allows the superintendent to permit a bank to resume business after suspension, upon compliance with the law and the making good of deficits.

Upon the superintendent, being made receiver, it would be impossible, of course, for him to attend to all affairs of the receivership, personally. Consequently, he is allowed to appoint an agent to act for him, who is given any power the superintendent had in the same capacity.

So thoroughly has the idea of reducing expenses been carried out, that the agent's salary is fixed at not more than \$200 per month, nor can any assistant of the agent's draw above that sum. Even the compensation of the counsel must be determined before services are rendered.

Unlike the Illinois and the New York laws, our act includes its supervision, every banking business in the state, excepting the national institutions. No matter under what name the state bank conducts its affairs, if it receives money on deposit, it is subject to the authority of the bank act. When we recall the recent publicity given by the failure of the Kirby Bank, in Chicago, to the deficiency of the Illinois act in this respect, and also remember how severely the New York law was criticized along this line after the report of the Pujo Committee was made public, we can better appreciate the strength of this section of the Tennessee law.

The minimum capital of a bank is controlled by the population of the city or town wherein it is located. If its capital is below the required amount, it must devote its earnings over 6 per cent. to increase its capital to the proper amount. A new bank must not only have the required capital, but before it can open its doors for business, it must submit to an examination of its condition by the superintendent. It is his duty to see that the full amount of the capital stock has been paid in and that all other requirements have been complied with as provided by the laws governing the incorporation of banks. Nor can a bank increase or decrease its capital stock or merge with another institution, without the approval of the superintendent. These provisions are important. They will guard against the organization of banks whose capital is entirely, or even partially, made up of the notes of its stockholders. More than that, they are the death warrant of the professional promoter and the crossroads bank.

In the matter of reserve, the new bank bill commits its most serious blunder—a blunder, however, that was made by the Legislature and not by the Association's legislative committee. Money reserve is a big problem. The foremost bankers of the day differ in regard to it. These differences, however, are mainly on the centralization of reserve. What concerns us at this time is: What is the proper per cent. of a bank's deposits for it to maintain as reserve, and what proportion of that per cent. shall be in actual cash? The new bill requires only ten per cent. of the demand deposits to be held in reserve. None of that need be in actual cash in vaults. It can all consist of balances, due on demand from other banks, without regard to their location.

Let us consider, when is the reserve needed? Is it when credits are contracted, when a bank's tills are overflowing with cash, or is it in the time of expanded credits, when the reverse is true? Undoubtedly the latter. Let us suppose then that in the time of expansion bank "A" has been carrying nearly all of its reserve with bank "B", to avail its earning account of the two or three per cent. paid on daily balances. Suddenly, without warning, panicky conditions arise, depositors demand their money. Bank "A" telegraphs bank "B" for a shipment of currency, only to be met with the answer that cash payment is suspended. If the bank "A" is a small institution especially if it is outside of a clearing-house, there is nothing for it to do but close its doors.

It must be admitted, an amendment to that section is desirable. It should provide for fifteen per cent. of the banks deposits to be carried in reserve, two fifths in actual cash in its own vaults and the remaining three fifths, with some bank approved by the superintendent of banks, located either in the Reserve cities, now existing under that National Bank Act, or in Nashville, Knoxville, Chattanooga or Memphis.

The recent failure of a large institution in this

state will serve as an admirable example to impress the value of section 22. This section requires that whenever any losses occur, which impair the capital of a bank, they shall be charged off on the books to show the bank's true condition. Ninety days is allowed in which to restore the impairment. If within that time the capital stock is not restored the bank must reduce its capital stock. In either event, this means the proportioning of the loss among the shareholders. In the case of a defunct institution, it came to light through the receiver's investigation that during the bank's entire existence, it had never charged off losses incurred but, instead, had carried the dead paper as cash items.

Section 21 prohibits any bank from lending more than 15 per cent. of its capital, surplus, and undivided profits to any one corporation, person, or firm, except upon approval of the majority of the financial committee, in the case of an incorporated bank, or all of the officers, if unincorporated. We might be inclined at first to criticize this section, especially the optional clause, which permits the financial committee of the officers, as the case may be, to override the 15 per cent. limit. It cannot be denied this clause will practically nullify that limit. Yet the section is not without value. It will stop the looting and the wrecking of a bank by its managing officers, by preventing them from lending, without approval, excessive sums to themselves, or to their interests. It is doubtful, too, if a rigid loan limit would work for the best interests of the industrial development of Tennessee. We must remember that in some divisions of the state, it is most necessary to negotiate relatively huge loans, in order to market the great agricultural products. The National banks cannot supply this demand because of the strict ten per cent. rule. Loans of this character, though, are not the kind to cause the banker worry. They are based on actual existing values, for which the banker holds evidence in the form of bills of lading or warehouse receipts. Thus it is clear that if the rigid rule fixing a stated per cent. as a loan limit were passed and enforced, it would only be a question of time until the large city banks absorbed the best of the small country banks' source of income. This would ultimately mean only one thing—the liquidation of the country bank.

We have now seen that the bill provides: that all state banks are subject to supervision; that there shall be a minimum capital; that a certain per cent. reserve is required; that all losses must promptly be made good; that there is a loan limit. These are the important provisions of actual regulation. There are certain other provisions which are designed to prevent fraud and dishonesty by the bankers themselves, or by the superintendent and his examiners.

These provisions can be divided into two classes, according to the penalty which is fixed for the violation of the different sections. Under one class will come the misdemeanors; under the other, the felons.

In the misdemeanor class, the principal ones are: to begin business before authorized, for an officer or an employee to overdraw without authority, falsification of books, to provide the means of payment of capital stock by a loan, for an examiner to apply for a loan, and for an officer to refuse to make or publish reports or statements.

In the other class, it is a felony for a person to perjure himself when under examination by the superintendent or examiner, when swearing or affirming to any report or statement, for an examiner to perjure himself in regard to any finding concerning a bank's condition.

Under both classes comes that section which is designed to prevent officers or employees from receiving deposits after insolvency is known to exist. This section fixes the penalty a misdemeanor, or a felony according to the amount of the deposit.

All of these penalties are certain to be a tremendous power in checking and preventing negligent and corrupt practices that almost invariably appear in the affairs of an insolvent institution.

It is possible, unless some way was provided to expose the violations of these various regulations, that they would be more or less ignored. Consequently, semi-annual examinations at unstated times are provided for. These examinations are sufficient both as to frequency and as to thoroughness of detail, to furnish the superintendent with the proper information from which he can determine the approximate solvency of an institution and judge how well it is obeying the law. The reports of condition which are to be according to the form prescribed by the superintendent and are to be made at his call, will supplement the examinations with their assistance to the superintendent, but beyond that, will permit the general public to become accurately informed concerning the bank's condition. This will come about through the publication of the report in a newspaper. The published report must be accurate or the officers making it will be subject to criminal prosecution, as we have already seen.

Since publicity is a feature which is necessary to the growth of a bank, and since the reports will cause



but little trouble in preparation, it will probably be worth while to amend this section so as to provide for more frequent reports—say quarterly, instead of semi-annually. This additional information would be invaluable to the superintendent. There surely could be no objection to this amendment from a safe and sound institution.

No legislation, however well devised can make dishonest men honest, or inefficient men capable. We can never hope, therefore, to absolutely prevent bank failures by statute. So we must not expect too much from our new bill.

It is most likely too, that the majority of the banks in Tennessee without statute to compel them, have been in the past conducting their affairs along conservative, judicious, business lines, well within the bounds of the new law. Consequently, real conditions may not be greatly affected, and the only thing that will be changed will be that we will gain an accurate knowledge of the conditions of the various banks.

This knowledge, though, will be of inestimable value. On it we will base all of our transit relations and our credits. Banks will be enabled to determine justly the strength of other banks, thus facilitating the opening of profitable accounts and the granting of credits, which otherwise might have been refused.

However, there are certain to be some banks whose affairs have not been well managed and there will be others. If the new bill can prevent just one of these from failing, it will do an incalculable good. To conserve the capital of a community and to keep it at work, provides the community with a yearly increasing wealth. If that capital should be allowed to become wasted, not only is the capital lost, but also the amount which it might earn in all years to come.

The use of the phrase, "Under state supervision," as an advertisement, must be considered, for it will in a measure, serve to counterbalance the always in evidence, "Under Federal control" of the National Banks. This will tend to put the state banks on an equal footing with the National Associations and minimize the prejudices which the public feel toward the state institutions.

The effect of the bill on future legislation must not be overlooked, for it is very probable that as the public, and more especially the bankers themselves, become better acquainted with the advantages of stricter legislation, amendments will not only be acceptable in the bill itself, but other forms of financial legislation will be advocated, such as the "Blue Sky Law."

Probably the greatest effect which the new bill will have, will be towards increasing the efficiency and the competency of officers and directors. This will be educational in its scope. The fact that so many bankers have opposed the regulation of banks by statute until this year, proves two things; first, that there is room in Tennessee for improvement; second, that the bankers are beginning to realize this, or else the bill would have failed to pass again this year.

This educational work will not be individual in character but will tend to raise the general standards, that is, if an official is chronically negligent, the banking department will of necessity be continually after him through his board of directors. They of course, will not permit him to repeatedly jeopardize their institution's standing, nor even allow him to loosely conduct its affairs. He will be forced to either strictly attend to business or to resign. The same will be true of the incompetent and the dishonest banker.

Let us hope as these changes occur, that the exorbitant charges for collection as practiced in the rural districts will decrease until they reach a reasonable basis.

This raising of the standard of the officers and directors will naturally mean increased profits. These profits will be derived directly through the better administration of the bank's affairs and indirectly, through the customers of the bank profiting in their individual investments by the advice and capable assistance of the bank officials.

It is to be expected, too, that the legitimate enterprises will be stimulated. As the banker improves in judgment, he will be able to discriminate more readily between the good and the bad investment. He will learn to keep "Hands Off" the speculative scheme, and will devote his funds almost entirely to the commercial development of the surrounding territory. Always working with the idea of making each transaction create new business, thus continually laboring for the mutual growth of the bank and the community.

#### LITTLE ROCK.

By T. W. Kirkwood.

THE following officers have been elected for the ensuing year: President, J. C. Conway, Southern Tr. Co., Vice-President, J. J. McGrath, Bank of Commerce; Secretary, R. E. Cornish, German National Bank; Treasurer, F. W. Niemeyer, Arkansas

Savings Bank. The following were elected as delegates to the Richmond Convention: J. C. Conway and F. W. Niemeyer.

#### MILWAUKEE.

By J. G. Swift.

NOT only is American capital important in the world's "high finance," but the New York money market is also beginning to play a role in international "high politics."

The growth and present scope of this influence were shown by Dr. Paul S. Reinsch in an address before the chapter upon the topic "The International Banking Situation."

After explaining at some length the inter-relation between highly developed commercial countries such as the United States, England, Germany and France, and the relations with tropical countries, those that supply mostly raw materials, Dr. Reinsch came to the political side of "high finance." Here he cited a few instances to illustrate the part this country has taken in the last few years. The first occasion was at the time of the Russo-Japanese War. Count Sergius Witte, the Russian peace envoy, coming to America to attend the peace conference at Portsmouth, first held session with the leading New York bankers. What took place at these meetings was not made public, but the power of finance in politics may well be judged when it is said that the bearing of the Russian envoy at the peace conference later was rather that of the victor than that of the vanquished.

Again in 1911 did American capital play a part in European political affairs. During the Morocco crisis of that year the French banks called in the large sums which they had advanced to the German banks. The German money market became very seriously embarrassed. There was almost no money in sight except in America. At that time Mr. Morgan went to the aid of Germany and saved her from a financial crisis.

Once more American money showed a hand in foreign politics and that very recently; last November New York banks advanced \$25,000,000 to the Austrian government for mobilization purposes.

Closing his address with a few remarks about the Chinese "Six Power Loan," Dr. Reinsch left us with much clearer ideas regarding "high finance" and the manner in which the huge international transactions are made.

#### NEW YORK CHAPTER.

By Harold S. Schultz.

AT least once every year the members of New York Chapter are treated to a lecture by Dr. Meding of the Harlem Eye and Ear Infirmary. This particular occasion is always anticipated with feelings of keen enjoyment by a large number who are always on hand when Dr. Meding is scheduled to speak.

In former years Dr. Meding has kept pretty close to the subject of Hygiene and clean living in general both mentally and physically, and his charming manner plus his sincere and thorough exposition of the subject has always held his listeners in spellbound attention.

This year Dr. Meding departed somewhat from his usual course. His lecture on the third of April was on the subject "The East Indian," with particular attention to the philosophy and religion of this most ancient and at the same time wonderful person. To most of us who knew practically nothing prior to this time about India, the lecture was a revelation, and furnished us with much food for thought as we compared our own conditions with those of our brother in the Far East, who while so different from us in speech, custom and religion, nevertheless seems to have been through, in ages past, even the most modern philosophical ideas and conceptions of life. Dr. Meding fortunately could give us a more complete analysis of this people inasmuch as he became connected while there with the hospital work and was in this manner brought into close personal touch with a great many of them.

While Dr. Meding's lecture stands in a place of importance entirely by itself, the month of April in New York Chapter has been filled with a number of other goods things; in fact, only two week-day nights throughout the whole month are vacant, which fact is significant of the consistent keeping up of our work for the whole year. Aside from the many excellent lectures there have been two extremely important social events which were attended by large numbers.

On the twelfth of April about one hundred and twenty-five couples assembled at the Hotel Majestic for the Annual Dance which has been in the minds of all for so long a time. If you can picture one hundred and twenty-five young and happy bankers, each in a freshly pressed dress suit, with their pretty sisters, wives and sweethearts gracefully tripping the light fantastic to the music of an excellent orchestra in the largest ballroom of one of New York's palatial hotels, you will have a clear idea of the good time that was experienced by everyone present.

Another great event was the Adding Machine Contest on Burroughs hand-operated adding machines, on the fifteenth. The Burroughs Adding Machine Co. conducted the contest and furnished the prizes, which were: a handsome silver cup to be owned by anyone winning the contest three times and to be kept in the meantime by New York Chapter; \$20 in gold for the first prize, \$15 in gold for the second prize, \$10 in gold for the third prize, and \$5 in gold for the fourth prize. The race was spirited and the crowd was very enthusiastic. The successful contestants were as follows: G. L. Becker, National Park Bank, N. Y., first prize; W. A. Skiffington, Irving National Bank, second prize; C. S. O'Connell, Bank of Flatbush, third prize, and T. F. Fitzpatrick, National Bank of Commerce, fourth prize.

We are very glad to announce that W. K. Kniffin, Jr., our former popular secretary, is to return to our ranks, having resigned as Treasurer of the Onondaga County Savings Bank of Syracuse, to associate himself with the bond house of Douglas, Fenwick & Co., 34 Wall St., this city. As we assume this is in the nature of a promotion, we heartily congratulate him, and wish him all success in his new field. Mr. Kniffin, we are advised, will take up his new duties about May 15th.

George W. Berry, formerly Paying Teller at the Broadway Trust Co., is now Assistant Secretary of that Institution. I. P. Cohen, formerly Receiving Teller at that place, has succeeded Mr. Berry as Paying Teller.

#### OAKLAND.

By S. C. Scott.

**C**ONVEYANCES of real property and the laws governing the giving of deeds, mortgages, deeds of trust, etc., were the subjects discussed by Robert W. Harrison, Deputy Attorney General, at the regular monthly lecture held April 17th. There was a large attendance and the line-up of loan tellers was particularly noticeable.

Professor Daggett, our esteemed instructor in the Banking and Finance course, which we have been studying during the past year, has announced the date upon which the final examination will be held, the date being April 29th. After this examination Oakland Chapter feels very confident that our list of Institute Certificate holders will be materially increased.

The election of Chapter Officers and delegates to the National Convention will be held May 21st. That same evening following the election, the Honorable Duncan McKinlay, former Congressman, will discuss the Alaska coal situation and he promises to show us why we, here on the Pacific Coast, are paying from \$15 to \$18 per ton for coal shipped from Australia, when we should be mining and burning our own Alaska coal at a cost not exceeding \$5 or \$6 per ton delivered here in Oakland.

A number of our Institute Graduates had an informal get-together meeting the other night to make plans and arrange to take up the post-graduate work as outlined by the National organization. It is our intention to follow the general outline as nearly as possible and a committee was appointed to purchase

any additional reference book which may not now be in our library.

Oakland will be represented at the Richmond Convention and we will be glad to meet our friends there, not only our Richmond friends, but also those from all the chapters.

#### PHILADELPHIA.

By Thos. W. Smith.

**P**HILADELPHIA CHAPTER at its April Chapter Night had the pleasure of listening to an address on "Foreign Exchange," by Fred I. Kent, Vice-President of the Bankers' Trust Company of New York. The subject, admittedly a very difficult one to handle so that the ordinary bank man may grasp it, was very ably presented in all its many-sidedness, by blackboard illustration; and the writer has heard from several foreign exchange clerks, signifying a desire for the full text of this lecture in print, as it explained a number of transactions, with all considerations bearing thereon, which oftentimes are not fully understood and therefore result in loss unless the greatest care is exercised. It is hoped, therefore, that it will come out in print and that we may be able to get it to all chapter men through the columns of the BULLETIN.

At this same meeting the following nominations were made, and the election will be held in May. Nominations for Board of Governors (five to be elected)—Edmund Williams, Tradesmen's Nat'l Bank; Carl H. Chaffee, First Nat'l Bank; C. B. Conn, Ninth Nat'l Bank; M. E. Benton, Land Title & Trust Co.; Norman Hayes, Philadelphia Nat'l Bank; Thos. W. Smith (withdrawn); A. G. Felix, Central Nat'l Bank; J. C. Wallace, Philadelphia Trust Co.; Wm. A. Nickert, Eighth Nat'l Bank; W. T. Pratt, Security Tr. Co., Camden, N. J.; A. H. Coate, Burlington Co. Tr. Co., Moorestown, N. J. Nominations for delegates to Annual Convention (twenty-nine to be elected)—C. C. Gamble, T. Lummy, W. M. Carty, L. L. Swope, Frank C. Eves, A. W. Frey, Norman Hayes, W. W. Allen, H. J. Haas, James Borden, J. Norman Ball, A. H. Coate, C. B. Engle, A. G. Felix, Thos. W. Smith, J. C. Frankland, E. J. Morris, J. M. Baker, M. E. Benton, W. B. Bullock, P. B. Detwiler, W. A. Nickert, W. T. Pratt, Wm. S. Evans, C. H. Chaffee, D. S. Lewis, John C. Knox, Stewart White, E. H. Thurman, W. E. Dilly, B. E. Effing, B. W. Scattergood, G. Lightenberger, J. A. Scattergood, David J. Myers, J. H. Borden, C. W. Fenninger, Harry Kollock, Edmund Williams, R. C. Alexander, J. G. Sonneborn.

Membership on the board being essentially a position of service and not merely an honorary one, and it being the purpose to elect as governors and delegates men who have time and will work hard and faithfully for the success of the chapter, it is urged that those not familiar with the candidates, and having no particular preferences, should get in touch with the consuls in their banks, and other active members of the chapter, to the end that this purpose may be accomplished. Thos. W. Smith has withdrawn as a candidate for the board.

On April 18th it was our pleasure to meet Scranton Chapter in debate upon the question "Resolved that National Banks be Given the Powers of Trust Companies," and our friends from up-state went down to defeat, honorable and well contested, but therefore of all the greater credit to our team, Messrs. Allen and Williams, who so ably upheld the negative of the question and will do so later before the Pennsylvania Bankers' Convention in a final debating combat for the supremacy of the State. So our cry is now: "On to New York!" and then it will be: "On to Pittsburgh for that much-prized cup!"

#### PITTSBURGH.

By Leo G. Griffith.

**T**HE big event of the month, the Inter-City Debate between Chicago and Pittsburgh chapters, held Saturday evening, April 26th, at the local chapter's headquarters, was a great success, notwithstanding that our boys were forced to take second honors in the clash with the boys from the Windy City.

This was the first time these two debating teams had met since 1908, when Pittsburgh won the decision over the Chicago team at Providence Convention. The importance of the subject added interest to the affair, and a large crowd turned out to hear the debate. The subject was, "Resolved, That National Banks be given the powers of Trust Companies," the local boys having the affirmative, and Chicago the negative end of the argument. The following composed the teams: Chicago, A. Floren, Central Trust Co., of Illinois; H. C. Roer, Fort Dearborn National Bank, John W. Gorby, Peoples' Trust and Savings Bank, Pittsburgh; Donald A. Mullen, Real Estate Savings and Trust Co., Albert E. Eyster, Union National Bank, George Rankin, Jr., Central National Bank, and John A. Price, alternate, Iron and Glass Dollar Savings Bank. The Chairman of the meeting was Alexander Dunbar, Cashier, Bank of Pittsburgh, N. A., and the Judges were, Alan H. Willett of Carnegie Technical Schools of Pittsburgh; Craig Hazelwood, Assistant Secretary Union Trust Co., of Chicago; D. C. Wills, Cashier Diamond National Bank of Pittsburgh. The members from Chicago arrived Friday evening, and were entertained at luncheon and dinner by the local chapter officers on Saturday, and automobile rides around the city and suburbs were taken by the visitors on Sunday. This was only the second time that Pittsburgh Chapter had lost a debate, and we wish to take this opportunity of complimenting Chicago upon the very capable team it sent to this city. We accept the defeat without any excuse for the showing made, for we realize that in being bested by such a team as that which represented Chicago, our pride in the ability of our own debating team should not be hurt, for it was the consensus of opinion here that we were defeated by one of the best debating teams ever gotten together in any chapter of the Institute. The same teams meet in September, at Richmond, subject of debate to be chosen later.

A unique feature of the education side of the local chapter's work during the past month was on the evening of April 8th, when the members essayed the role of State Legislators, and sat as the "House of Representatives," and defeated the Stein Bill, which was a measure in the Pennsylvania Legislature proposing to go back to the old system of electing the school directors for the City of Pittsburgh, instead of their appointment by the Judges of the Common Pleas Court as at present. William N. McNair, Esq., the well-known advocate of Single Tax and Free Trade, was the "Speaker of the House." Those who argued for the bill were: Floor Leader John A. Price, D. A. Mullen, W. J. Kerr and V. C. Boggs, while the negative side, which defeated the bill were: A. T. Eyster, W. H. Jolly, H. E. Reed, and Leo G. Griffith, Floor Leader. The "House" was run strictly in accordance with the laws and rules of the State Legislature, even the Sergeants at Arms having been called into play to eject a member for being too earnest in debate. The affair furnished both entertainment and instruction for the members present.

The chapter's Annual Party and Dance was held at the Fort Pitt Hotel on the evening of April 24th, and was a great success, about 150 couples being in attendance. The Bowling League (Duck Pins) closed its season this month, and to show that Pittsburgh Chapter has some real "experts" along this line, might mention that F. P. Underwood of the Farmers' National team averaged 123 for 61 games during the season, and M. C. West, of the Mellen National, carried off the high individual score prize, rolling 187.

The Debate and Public Speaking Class expects to have another novel affair before the close of the season, in the way of a Republican National Convention, in which there will be nominations, etc., to be governed by the rules and laws of such a convention, and this promises to be even more interesting than the "House of Representatives," given by the class last month. As "Education" is the foreword and fundamental principle of the American Institute of Banking, these different affairs which have been given by the officers of the local chapter have been productive of much good to the members, for it educates and broadens them along various lines outside of their chosen profession.

## PORTLAND, OREGON.

By E. C. Sammons.

"THE Heights by Great Men Reached and Kept  
Were Not Attained by Sudden Flight;  
For They, While Their Companions Slept,  
Were Toiling Upward in the Night."

THIS tells of Portland Chapter's recent successes; its members have been toiling at night for the benefit of the chapter. Our recent minstrel show meant night after night of hard and conscientious drilling, but the work was done cheerfully and the chapter's exchequer is supplied with coin of the realm. Treasurer Blohm, of the finance committee, reported a net return in excess of \$1,500, at the last monthly meeting. The educational work is calling forth night toilers and in the closing weeks of the lectures interest keeps up and the proficiency of the students is increasing accordingly. The class has been meeting regularly each Tuesday and has been addressed by some bank official who is well versed in the subject under consideration. J. W. Bickford, assistant secretary of the Security Savings & Trust Company; H. W. Hawkins, secretary of the Portland Trust Company and a former well-known Chicago bank official; and Edward Cookingham, vice-president of the Ladd & Tilton Bank, have been the lecturers during the past six weeks.

Mr. Hawkins's topic, "Trust Companies," was of importance to the class, inasmuch as the Oregon Legislature at the last session passed a new trust company law, broadening the scope of the trust company as formerly provided by the Oregon law. Mr. Hawkins said in part:

"The newly enacted law providing for the organization and regulation of trust companies in Oregon puts the state on a par with others in affording its citizens a safe and convenient handling of their estates at a moderate cost by a reliable financial institution. The increase in number and size of private fortunes and the expansion of corporate interests has made a demand for such institutions as the law provides, and now that the services of a trust company are surrounded by ample safeguards, corporate trusteeships need not be committed to foreign corporations nor private trusts suffer from inexperienced or unskilful administration. Trust companies can now confidently offer a new service to business men and investors, who will surely appreciate and use it just as soon as it is understood, though doubtless a thorough campaign of education may be necessary on the part of the trust companies before their patrons fully understand the truly efficient character of the services they can render."

The regular monthly chapter meeting held March 11th, was an interesting one, though unusual. The show committee made its report and the "headline" act of the evening was a stereopticon lecture by Dr. C. D. Williamson, of San Francisco, his topic being "Little Jaunts in Big Places." His subject dealt with scenic wonders of the Yosemite National Park and the Grand Canon of the Arizona, being illustrated by more than 100 beautiful views.

Shortly following the monthly meeting a Ladies' Night and open house meeting was held at the chapter rooms, following which an informal dance was held in the ballroom of the Hotel Multnomah.

The April meeting was devoted to the annual adding-machine and money-counting contests. The first contest was the adding-machine event, and it was won by F. O. Bates, of the Merchants' National Bank, who listed 100 standard contest checks in 1 minute and 41 seconds. Mr. Bates later made time of 1:34 in an exhibition. This is the third consecutive time that Mr. Bates has captured this event and he retains permanent possession of the handsome silver loving cup. G. C. Giles, of the United States National Bank, was second in 1:47, and Edward Unger, of the same bank, was third in 1:49. The Burroughs Adding Machine Company, through Norris Gregg, local agent, donated the use of its machines and gave cash prizes to the winners.

The mental addition contest, which was a collection of figures 10 columns wide and 15 columns high,



was won by Edward Unger, of the United States National Bank, with E. A. Hartman, of the First National Bank, second. Mr. Unger's time was 1 minute and 5 seconds. J. D. Leonard, of the United States National Bank, who acted as judge in this contest, in an exhibition "ran" the figures correctly in 46 seconds. In the money-counting contests Arthur W. Stringer, of the First National Bank, was the winner in 10 minutes and 38 seconds. There were 730 pieces of coin, aggregating \$730.25. S. C. Catching, assistant cashier of the Merchants' National Bank; Norris B. Gregg, of the Burroughs Adding Machine Company, and R. J. MacDonald, of the Pacific Banker, were judges in all contests.

The Hibernia Savings Bank was awarded the American Institute of Banking loving cup for winner of the bank basketball league.

Edward Cookingham, vice-president of the Ladd & Tilton Bank, who lectured the class on "Loans and Discounts," recently discussed "Currency Reform" at a public mass meeting under the auspices of the Portland Civic Club, interesting a large audience with his expert knowledge of the subject.

E. G. Crawford, vice-president of the Lumbermen's National Bank, was a recent Eastern visitor. The stockholders of the Lumbermen's National Bank have organized and incorporated the Lumbermen's Trust & Savings Bank.

James Steel, a pioneer Oregon banker, died April 8th at the age of 78. He was the first cashier of the First National Bank of Portland, which lays distinction to being the oldest National bank west of the Rocky Mountains.

#### PROVIDENCE.

By Charles L. Eddy.

**W**ILLIAM O. JONES, Vice-President of the National Park Bank, of New York, was the only speaker at the April meeting of Providence Chapter and gave a most interesting address upon "Some Phases of Modern Banking Methods and their Requirements." The speaker strikingly contrasted certain present-day banking methods with the customs prevailing in former years and forcefully sustained his points with illustrations indicating the evolutionary processes at work. Of special interest to the chapter members were the speaker's remarks respecting the requisite preparation and training necessary on the part of the present-day bank employee in order to adequately measure up to the opportunities offered by the changed conditions referred to. The address of over an hour held the undivided attention of the audience from start to finish and a rising vote of appreciation was accorded the speaker.

#### RICHMOND.

By John S. Haw.

**T**HE chapter held its regular monthly meeting on April 17th at the Jefferson Hotel. George Bryan, attorney for the Virginia Bankers' Association, who has often been called the chapter's best friend, gave a supplementary lecture to the course which he has been delivering during the past Winter. Those who have been attending the meetings have certainly received much valuable information which will help them in their daily routine. Mr. Bryan's lectures have been on the "Negotiable Instruments Law," and the last one was on the law as it relates to the presentment and protest of commercial paper.

This being next to the last meeting of the season, nominations for officers for next year were called for. This resulted as follows: For President, Geo. H. Kee-see and James M. Ball, Jr.; for Vice-President, W. M. Goddard and W. W. Dillard; for Secretary, Jesse Wood; for Treasurer, Geo. Barnard and W. H. Kelley. Officers for next year will be selected from these names at the election next month.

The closing feature of the evening was an adding-machine speed contest. The contest was held on Burroughs' machines with 150 checks, H. W. Shelton representing the company, offering prizes amounting

to \$25. The winners were as follows: First, H. W. Gill; second, Jno. M. Miller; third, O. S. Woodward; fourth, G. H. Bates.

Preparations for the coming convention are



JEFFERSON HOTEL.

progressing. The delegates will be comfortably located at the Jefferson Hotel, which is the logical dwelling place of travelers North to South or South to North. The moderate climate of Richmond equalizes a change from extreme temperatures which otherwise would be too severe for comfort or safety. The Jefferson is situated on high ground in the most desirable residential portion of Richmond. The singular grade of the streets at this locality was judiciously applied in the construction of the hotel, with the result that the social portion of the Jefferson is elevated and distinct from the offices. The two are connected in an easy manner by a grand stairway. Five hundred guests or more can be easily accommodated. Nearly all of the sleeping rooms are provided with private baths.

The guests of the Jefferson abide amid an atmosphere of wholesome refinement. Appreciation of the classics is expressed in the decoration and the architecture. The walls of the grand salon, the reception rooms and the library, are hung with meritorious paintings and beautiful brocades. Quaint bric-a-brac and art wares have been placed to their best advantage in these surroundings.

Through the huge glass dome of one of the two spacious courts, the natural light falls on a noble statue of Thomas Jefferson standing in easy poise. Above the court runs a wide arcade supported by great Corinthian columns. Opening to its marble walks, flanked by refreshing palms and ledges, are the ladies' cafe and the writing rooms. Marble Hall, an excellent example of modern architecture, leads off to the pink reception parlor and grand salon on one side and the blue room and library opposite.

A dining hall, a gentlemen's cafe and private dining rooms, handsomely appointed, are reached at the extreme southern end of the hotel by a long carpeted gallery, impressive with beauty. The general elegance and the excellent service of the Jefferson naturally make it the scene of many brilliant social functions. Its large auditorium serves admirably for formal balls, musicales and lectures. Yet there is a practical portion of the hotel, where all conveniences afford better transaction of routine affairs of the day.

The lower court of the Jefferson is a commodious center, devoted to the practical demands. About it cluster the business office, reception room, the telegraph, the telephone and the railway ticket offices. From here there is a direct street car service to all railway stations, wharves, wholesale business sections and postoffice. Broad Street, the principal shopping district, is only two blocks from the entrance. The home of the Jefferson is a massive structure of steel, brick and terra cotta. The kindly air of old Virginia radiates about its wide windows, bearing a freshness and the balm of its rich climate.

The Jefferson quotes the following rates on the European plan during the Institute Convention:

Single rooms overlooking the court, one person .....	\$1.50 per day
Double rooms overlooking the court, two persons .....	3.00 " "
Single rooms overlooking the court, one person with bath .....	2.50 " "
Double rooms overlooking the court, two persons with bath .....	4.00 " "
Single outside rooms, one person .....	2.00 " "
Double outside rooms, two persons .....	4.00 " "
Single outside rooms, one person with bath .....	3.00 " "
Double outside rooms, two persons with bath .....	5.00 " "
Larger outside rooms, two persons with bath & twin beds .....	\$6.00 to \$8.00 " "

#### ROCHESTER.

By F. A. Smith.

ON Monday evening, April 21, 1913, the Rochester debaters met and were defeated by the boys from Syracuse, the question being "Resolved, that the Plan of Monetary Reform as Recommended by the National Monetary Commission should be adopted."

The debate was largely attended and thoroughly enjoyed by all. The Syracuse debaters were Messrs. Wise, McCaffery and Boyd; the Rochester debaters were W. J. Stackel, C. W. Covell and Fred E. Whitney.

#### SCRANTON.

By E. R. Kreitner.

ON April 22d. we held one of the best and liveliest meetings of the year, the occasion being the annual election of officers and delegates, a little affair that is always sure to bring out most of the membership and also guarantees the presence of the chapter politicians. The rivalry for office, while keen, is of a friendly nature.

Norris S. Swisher, of the Dime Deposit and Discount Bank, who was elected President, is a graduate of the Institute, and one of Scranton Chapter's oldest members. If we can judge from the interest taken at the meeting, he will keep up Scranton's reputation for results along educational lines. The other officers elected were J. Russell Jones, of the Traders' National Bank, Vice-President; George F. Schautz, of the Lackawanna Trust Co., Secretary; and Harry J. Ryan of the First National Bank, Pittston, Treasurer.

The delegates elected to represent us at Richmond (and by the way, we expect a large party to accompany the delegates) were Walter B. Kramer, of the Lackawanna Trust Co., Delegate at large; E. R. Kreitner, Traders' National Bank; Norris S. Swisher, Dime Deposit and Discount Bank; John Benfield, First National Bank, Pittston; M. J. Mooney, First National Bank, Olyphant.

The retiring President, Walter B. Kramer, who is Scranton's choice for National Secretary, has had a remarkably successful year. He has at all times insisted that nothing counts for chapter or individual success like education. We must admit that he is correct in his contention, because this year eighteen of our members successfully passed the examination in Banking and Finance, the largest class we ever had. Mr. Kramer also organized a class of sixteen to take up the Post-Graduate course, and was consequently elected Chairman of the Forum. Out of the Banking and Finance Class, we expect to add about ten new members to the Forum. This, we believe, is a creditable showing for a small chapter. We also note with pleasure that the Executive Council has honored us by electing Mr. Kramer a Fellow of the Institute.

Scranton Chapter must admit that the Philadelphia boys "are there" when it comes to debating. We attempted to prove "That National Banks should be given the power of Trust Companies," but Philadelphia decided otherwise. We were represented by John Greiner, Jr., John Benfield, and J. Russell Jones. We

may at some future time invite the Philadelphia debaters to decide the "Mine Cave" question for us, a subject we have been debating for some time, but with little result.

We were all delighted to see our old friend and fellow member, E. A. Fitzpatrick, at the meeting. He has about recovered from a very serious illness, and it made us very happy to have him with us at this time. L. A. Howell, Cashier of the Honesdale National Bank, dropped in on us, and incidentally urged the dreamers to wake up and join the educational classes.

#### SEATTLE.

By W. T. Burke.

AT the annual meeting of Seattle Chapter, Tuesday evening, April 15th, the following officers were elected for the ensuing year: President, R. P. Callahan; Vice-President, R. H. Edelen; Secretary, H. A. Barton; Treasurer, L. L. Wold. New Governors are: Geo. E. Maine, G. A. Bruce, Walter Heath and J. L. Platt. On account of the fact that the two candidates for president were so evenly matched the contest for that office was very close, Mr. Callahan winning over R. H. Wilson by but six votes. The president-elect has just retired from the office of secretary and was one of the delegates attending the annual convention at Salt Lake City last year. He will be chairman of the delegation to Richmond this year. Other delegates are: J. H. Newberger, I. C. Bogardus, J. C. Glass, C. A. Bemis, L. H. Woolfolk, R. H. MacMichael, T. A. Colter, E. K. Riley, G. A. Bruce and F. H. Drew.

The chapter's first attempt at giving a formal ball resulted in a very successful affair at Redding's Hall, the evening of April 10th. About sixty couples were present, and in addition to it being a very pretty party the financial end was handled so skillfully that a small balance remained to be turned over to the chapter treasurer.

The annual banquet is now an established affair and is considered by all chapter members as "worth the money" and more. Wednesday evening, March 26th, three hundred and fifteen bank men of the city gathered at the Hotel Washington at the invitation of the chapter officers and the special committee having charge of arrangements for the banquet.

A special effort was made this year to interest directors, as well as the higher bank officers, to the point of coming out for the dinner. That the committee was successful is evidenced by the fact that the attendance was considerably larger than in former years. President Joseph C. Glass, in introducing the toastmaster of the evening, Judge J. T. Ronald, told of the work of the Institute and especially of what Seattle Chapter has accomplished during the year. The first speaker, Dr. M. A. Matthews, Moderator of the Presbyterian Church of the United States, responded to the toast, "The Bankers' Relation to the People." Dr. Matthews is well known in Seattle as one of the leading ministers of the city, but there may be those who would question his ability as an after-dinner speaker. However, after listening to his talk on the subject assigned, we feel certain that none left the room feeling at all skeptical as to his qualifications along that line. The Doctor declared that the modern banker was the result of evolution, and called attention to the accessibility of the present bank officer as compared with his brother official of years gone by. He spoke of the fact that the greatest asset of a bank is the confidence of the people it serves, and advised bankers to so conduct themselves and their business affairs as to retain the confidence of the public.

R. S. Stacy, president of the Pacific National Bank of Tacoma, spoke on "Loving His Neighbor." He recalled the day when he was connected with the National Bank of Commerce of Seattle and referred to some of the things accomplished by the business men of the city during that time. While countenancing the spirit of good-natured rivalry between the two cities, he declared that the people of the Northwest should get together and boost for the Puget Sound Country.

Other speakers and their subjects were: Prof. E. S. Meany, "Present Day in History"; Scott Calhoun, "As Follows: To Wit"; former Senator Samuel H. Piles, "Apropos," and George F. Hannan, our educational director. Mr. Hannan addressed his remarks to the bank officers and directors present. He told of the work covered by the class and asked the officers to show the proper interest in what the younger men are doing.

One laugh-provoking feature of the banquet was the rendition of parodies on popular songs, the words of which were written by members of the chapter. The banquet program and menu was in the form of a bond of the Institute, each course being named on an interest coupon.

### SPOKANE.

By C. E. Cooper.

OUR newly elected officers are as follows: Geo. C. Gage, President; C. H. Hausken, Vice-President; L. G. Greene, Treasurer; E. B. Hutcheck, Financial Secretary; F. B. Peach, Recording Secretary and A. F. Brunkow, Corresponding Secretary. Executive Council—W. N. Baker, Albert Kaye and B. A. Russell. C. H. Hausken has been elected as alternate delegate to the Institute Convention and W. E. Tollenaar a delegate to the State Convention.

Our election was held on Wednesday, April 16th, and was followed by our annual banquet at the Silver Grill. The entertainment for the evening consisted of music by the Silver Grill Orchestra and by vocal solos by Morton Macartney and by C. Rollen Smith. President Russell acted as toastmaster and kept things lively throughout the evening.

Short three-minute talks between courses were made by E. R. Anderson, J. O. Tiffany, C. E. Cooper, J. M. Bradley and Joseph Baily. More lengthy addresses were made by Oscar Cain, U. S. District Attorney, Prof. J. F. Saylor, Principal of Saylor's School, and R. L. Rutter, President of the Spokane Clearing House Association.

Mr. Rutter commended the work of the Institute very highly and promised hearty support, both moral and financial.

Professor Saylor took for his subject—"Desire the Basis of Business Transactions," and his remarks in part were as follows: Business transactions reduce themselves to analysis of Mind. In this analysis Desire will be found to be the controlling and dominating factor. There can be no general business without it. As the race has progressed desire has progressed, in fact, people's wants and desires have first to be before business can be. In a complete act of volition, which is necessary to complete a transaction, desire is the most important element. It is necessary, therefore, before a choice can be made. Before desire is fully formed time is needed for reflection, for deliberation. This then makes desire the most important step in all the different mental states involved in originating, deliberating on and consummating any transaction. It is the point for the weighing of all the pros and cons for and against any course of action. This is the one point where time is taken for deliberation—choice and execution follow in quick succession when desire is fully formed.

Mr. Cain's address was especially entertaining and instructive as it was a subject on which we Bank Clerks flatter ourselves of knowing something, namely—"Modern Financial Legislation."

The Spokane Chapter has decided to send but one delegate to the National Convention, who will be our newly elected president, Mr. George C. Gage of the Exchange National Bank.

### ST. LOUIS.

By John R. Longmire.

ST. LOUIS CHAPTER has been so busy with its classes in banking, conducted by William McC. Martin, and law, conducted by Manton Davis, that it has not had time to get into the BULLETIN for the last two or three months. Much interest has been manifested in this work, and the

classes have been well attended. Mr. Martin has lately been giving a series of lectures on the various phases of banking and trust company work, in which many of the boys have taken part by explaining the way certain departments of their institutions are operated. The course in Negotiable Instruments was given in quite a unique way. Upon the screen in the lecture hall were thrown stereopticon illustrations of various kinds of checks, bills of exchange, notes, etc., which were further explained by Mr. Davis. This method of placing before the student examples of different types of negotiable paper has been of great benefit, as it impresses upon the mind very clearly the functions of instruments of credit. Some unusual talent has been unearthed in the class on banking. Many of the boys who had never spoken before an audience, on being called upon to explain certain features of their work, have made some splendid talks and have shown themselves fully capable of speaking on their feet. In the next week or so examinations will be under way and we look to a large number successfully passing them.

On March 26th St. Louis Chapter held its annual ball, which was very well attended considering the very inclement weather.

### SYRACUSE.

By W. H. Kniffin, Jr.

IT was a great debate, admirably staged in the beautiful assembly room of the Rochester Chamber of Commerce, and the parts admirably played. Time, thought and care were manifest in every speech, and in the rebuttal the "boy orators" proved themselves men of quick thought and ready tongue. For Syracuse, Boyd, who, in the Syracuse Chapter Debate in February, routed the enemy by quoting Job, used Josh Billings with like effect, and by a masterly effort pulled his team to victory. McCaffrey, who reads Emerson while other men read baseball, had a scholarly address and delivered it with force and dignity. Wise, the triphammer manufacturer of epigrams, had no such trouble in "getting his message over," as did Peter Grimm; and the judges heard. For Rochester, Covell led the way with a statement of fact. Stackel followed with a smooth, well-prepared and polished address, convincing and clear, while Whitney stuck to cold-blooded analytical matter that boded ill for the Salt City trio, hastily scanning big books and statistical tables for thunderbolts to hurl back. But Boyd never yet lost a debate and in the rebuttal little by little worked his way up San Juan Hill and spiked Rochester's every gun.

Now all this noise was caused by Syracuse contending that "The plan of monetary reform recommended by the National Monetary Commission should be adopted." Rochester said it shouldn't, and moreover argued that if one defect were found, that would discredit the whole bill. Fatal error. "No legislation is ever perfect," said Boyd; "even the Constitution had to be amended to meet new conditions." "You don't take care of savings banks and so-called 'little banks,'" said Rochester, and the wise man replied: "If this bill goes through you won't have money panics," "and through their city correspondents the little banks can always get the help they need. Your savings banks number only 630 out of over 27,000 banks in the country and have the sixty-day clause, the city correspondent, and the collateral loan feature of the bill to fall back upon; moreover, the Attorney General has ruled that in qualifying as depositories for postal savings deposits, the surplus funds of savings banks may be considered as capital, and a little state legislation would cure this defect." "Too many on the board of directors—a top heavy organization," argued Whitney. "But Congress has many to legislate and few to execute," replied Boyd; and "a thing is not necessarily bad because it is big," quoth the epigrammatic one. And so it went, until, after twenty minutes consideration, the judges—Prof. Geo. M. Forbes, of the University of Rochester; Anthony Lamb, the "Mr. Cannon" of Syracuse Chapter, and Edward G. Miner, Esq., of Rochester—awarded the verdict to Syracuse, and there was the sound as of



a great noise. And so the season ends as it began, in a blaze of glory; and we are very glad. It has been a good year.

Inasmuch as my work in Syracuse Chapter is over, I want to use this opportunity to express my appreciation of the kindness, the loyalty, the big-heartedness of the bank men of Syracuse. I have tried to do a useful, unselfish work for you, and with you; first, because I believe in the Institute, and second, because I believe in you. I knew there were good men among you "knocking their heads against the bars," and just waiting the chance to show of what stuff they were made. And it is good stuff. I sincerely hope—in fact I know—some of you have gotten a new inspiration, valuable information, a lasting incentive to work, and a determination to improve every chance that offers to add to the sum total of your knowledge; for knowledge is power and power costs money. In the members' papers, in examination, in debates, you have demonstrated the value of Institute work and the benefits thereof. Keep it up. And hear me! You have only made a good beginning. This is too good a work to let die. Put your time into it; put your money into it; put yourself into it, and better things than you ever dreamed will sooner or later come to you.

To single out any one man, or ten, as examples of what the chapter can do, would be unfair. You know who they are, and I hope the inspiration of a high ideal and the enthusiasm of a good example will spur you on to better things, for you have just got nicely started.

#### WASHINGTON.

By Frank V. Grayson.

**W**ASHINGTON CHAPTER'S Tenth Annual Banquet was a big success in that we had the largest crowd we have ever had, the finest music, a good toastmaster in Wade H. Cooper, President of the United States Savings Bank and excellent speakers in Representative Henry E. Clayton of Alabama, Ex-Senator Joseph W. Bailey of Texas and Fred W. Ellsworth of New York, and we were all home before the wee small hours. We had the optimistic and the pessimistic side of the new congress presented to us from Democratic speakers of ability and we enjoyed very much listening to both sides of the situation on the same evening. We also had the pleasure of renewing pleasant acquaintance with some of the best of the Institute members from Baltimore, Richmond, Philadelphia and New York. Chairman Howard and his committee deserve congratulations of the highest on the manner in which the banquet was carried to such a successful conclusion.

Educational Director, Geo. E. Allen, of New York, was with us Wednesday evening, March 12th, and gave us some of his sound and sensible ideas on the way in which chapters should be conducted and also gave an outline of the work being accomplished by the Institute at large. We are always glad to have him with us as it gives us an impetus to give more attention to chapter work.

Corcoran Thom, V. P. and Trust Officer of the American Security and Trust Co., of this city, lectured to us on "Trust Companies" on Wednesday, March

12th, and it is needless for us to say that he was exceptionally good, for it is a well known fact that Mr. Thom is an expert in this line.

Chas. A. Douglas resumed his course of lectures on "Negotiable Instruments" March 26th, and we were all glad to have him back with us and to know that he has recovered and is in his usual good health. Mr. Douglas will conclude his lectures Wednesday, April 30th.

Another new bank has opened its doors for business in Washington in the Security Savings & Commercial Bank. Wm. R. Baum, an active chapter member, has been made Assistant Cashier of the above institution. Mr. Baum has always been a hard worker in the interest of the chapter and we are sure that all the members will be glad to hear of his promotion. The other officers of this bank are Julius I. Peyser, Pres.; Geo. R. Linkins, V. P., Fred. McKee, V. P., and John H. Baltz, Cashier.

And yet another bank will soon be doing business in Washington. The Munsey Trust Company is now in process of organization. This will be one of the largest capitalized banks in Washington. Frank A. Munsey will be the president and those affiliated with him are men of integrity and fine business acumen and we venture to say that this institution will be a success from its opening.

The following members were elected delegates to the Annual Convention which will be held in Richmond, Va., September 17th, 18th and 19th; Chas. H. Doing, Jr., W. W. Spaid, D. H. Manning, F. B. Devereux, J. Cassin Williams, E. T. Love, O. G. Claxton, A. M. Nyman, W. G. Rogers, Chas. R. Grant, A. R. Varela, H. L. Selby, E. G. Chewning, W. A. Dexter.

The following members were nominated for officers and governors for the ensuing year: For President, F. B. Devereux; for Vice-President, E. T. Love and W. A. Dexter; for Secretary, H. W. Ireland and A. E. Birkle; for Treasurer, Chas. R. Grant and H. W. Phillips; for Assistant Secretary, L. H. Killman; for Chief Consul, Wm. R. Baum and R. C. D. Hunt; for the Board of Governors, Arthur Herbert, Jr., C. H. Doing, Jr., W. W. Spaid, O. G. Claxton, J. Cassin Williams, D. H. Manning, A. M. Nyman, A. M. Nevius, C. D. Boyer, H. V. Haynes, J. W. Manning, S. R. Baulsir and A. S. Carter.

#### WHEELING.

By W. W. England.

**A**FTER passing through one of the greatest floods in the Ohio Valley, Wheeling Chapter has resumed its study class. We have been very fortunate in securing good speakers for our general meeting nights. On Tuesday, March 18th, C. D. Kendall, manager Stone's Farm, gave a very instructive talk on "Agriculture," and on Tuesday, April 15th, J. C. Palmer, attorney and official of the Wellsburg National Bank, Wellsburg, gave a very interesting address on "Modern Journalism."

We expect to have a big turn-out at our general meeting on Tuesday evening, May 20th, at which time we are to have an adding-machine contest at the Market Auditorium. The Burroughs Adding Machine Co. have donated some very handsome cash prizes, which will probably bring out some of the speed kings.

## CHANGES AFFECTING MEMBERSHIP REPORTED DURING APRIL, 1913

The membership of the Association is now over 13,500. There are frequent changes which come about through consolidations, mergers, liquidations, etc. The General Secretary of the Association would appreciate receiving from our members notice of any changes which occur, for the purpose of keeping our membership list correct and giving publicity through the columns of this Journal.

Alabama	Decatur	First National Bank succeeded by City National Bank.
	Fayette	Fayette County Bank succeeded by First National Bank.
California	Jamestown	Bank of Jamestown converted to Union National Bank.
Connecticut	Norwich	First National Bank closed.
Georgia	Rossville	Avenue Bank & Trust Company, Branch, absorbed by Hamilton Trust & Savings Bank and operated as a branch.
Illinois	Hanna City	Pinkerton Exchange Bank succeeded by Hanna City State Bank.
	Hartsburg	Bank of Hartsburg succeeded by Hartsburg State Bank.
Indiana	Summitville	Summitville Bank succeeded by Summitville Bank & Trust Company.
Iowa	Ferguson	The Bank of Ferguson failed.
Kentucky	Lexington	Lexington Banking & Trust Company succeeded by Phoenix & Third Trust Company.
Louisiana	De Ridder	Lumberman's State Bank succeeded by Lumberman's Bank & Trust Company.
	Gueydan	Peoples' Bank & Trust Company, Branch, succeeded by Peoples' State Bank.
Massachusetts	Arlington	First National Bank succeeded by Menotomy Trust Company.
Michigan	Bloomington	Peoples' Bank succeeded by Peoples' State Bank.
	Detroit	Fairview Savings Bank changed to American State Bank.
Mississippi	Summit	National Bank of Summit succeeded by Progressive National Bank.
New York	Oneida	National State Bank succeeded by Madison County Trust & Deposit Company.
North Carolina	Wilson	Branch Banking Company succeeded by Branch Banking & Trust Company.
Oklahoma	Muskogee	Oklahoma National Bank succeeded by Exchange National Bank.
Oregon	Eugene	Merchants' Bank succeeded by United States National Bank.
	Klamath Falls	American Bank & Trust Company succeeded by First Trust & Savings Bank.
	Troutdale	Bank of Troutdale taken over by Citizens' Bank, Portland.
Rhode Island	Providence	Atlantic National Bank suspended.
Tennessee	Chattanooga	Avenue Bank & Trust Company absorbed by Hamilton Trust & Savings Bank.
	Clifton	Peoples' Bank reopened.
	Covington	Tipton County Bank consolidated with Farmers' Union Bank as Tipton County-Farmers' Union Bank.

